

BUSINESS ADMINISTRATION  
LIBRARY

# Accountancy

ESTABLISHED 1889

---

ACCOUNTING · MANAGEMENT · FINANCE

---

*Standard Costs Won't Balance Automatically!*

•  
*Should a Trustee Tell?*

•  
*The Trader as His Own Market*

---

THE SOCIETY OF INCORPORATED ACCOUNTANTS

FEBRUARY 1956



TWO SHILLINGS

# The Society of Incorporated Accountants

*President:* BERTRAM NELSON, C.B.E., Liverpool and London

*Vice-President:* SIR RICHARD YEABSLEY, C.B.E.

*Secretary:* I. A. F. CRAIG, O.B.E.

*Deputy Secretary:* C. A. EVAN-JONES, M.B.E.

#### *Offices and Library:*

INCORPORATED ACCOUNTANTS' HALL, TEMPLE PLACE, VICTORIA EMBANKMENT, LONDON, W.C.2

Members use the designation Incorporated Accountant. Fellows may also use the initial letters F.S.A.A., and Associates A.S.A.A.

Admission to membership is by examination subject to satisfactory completion of articles of clerkship for five years (university graduates three years.) Six years' approved professional experience may be accepted in lieu of five years' articles. Exemption from the Preliminary Examination is granted on production of certain educational certificates.

Articles may also be integrated with full-time study at certain universities. Under this scheme a specific university degree and the professional qualification can be attained in a total period of 5½ years.

All candidates must pass the Intermediate and Final Examinations, except that graduates under the universities scheme are exempted from the Society's Intermediate Examination.

There are Branches of the Society in Scotland, Ireland, Canada, Australia, South Africa and Central Africa, and District Societies in all parts of England and Wales, Northern Ireland, and India. Students' Societies and Students' Sections operate throughout Great Britain, Northern Ireland, and Eire.

Members of the Society are not allowed to seek professional business by advertisements or circulars.

The editorial and contributed articles and notes in ACCOUNTANCY cover a wide range of subjects and are selected for their general interest. The views expressed are not necessarily shared by the Council of the Society of Incorporated Accountants.





**YOU GET A PERFECT PICTURE OF THINGS IF YOU...**

... ANALYSE WITH GUILDHALL ACCOUNT BOOKS

**TOLLIT & HARVEY LTD.**  
THE "RULING" HOUSE  
**40 GRESHAM STREET, LONDON, E.C.2**  
TELEPHONE: MONARCH 8571

- ★ Huge stocks of well seasoned books always ready.
- ★ Our Catalogue BB30 is yours for the asking.
- ★ Our Systems Dept. should also interest you?

**REPORT AND ACCOUNT PRINTERS**

*DAY & NIGHT SERVICE*

Designers, Typographers,  
Specialists in Layout of Illustrated  
Balance Sheets, Fine Art Colour and  
Company Printers.

**Greenaways**  
EST. 1859  
69 OLD BROAD ST., LONDON, E.C.2  
Telephone: LON 7525 (20 lines)

**JOHN FOORD & COMPANY**  
Established over a century

**VALUERS AND ASSESSORS**  
**OF WORKS, FACTORIES PLANT and MACHINERY**

**56 VICTORIA STREET LONDON, S.W.1**

Victoria 2002/3/4

## LATEST EXAMINATION RESULTS

At the Examinations of  
**THE SOCIETY OF INCORPORATED ACCOUNTANTS**  
 held in  
**NOVEMBER 1955**

Pupils of  
**H. FOULKS LYNCH & CO. LTD.**  
 obtained  
**FIRST, SECOND, THIRD and FOURTH PLACES**  
**(FINAL)**  
 and  
**FIRST, THIRD and SEVENTH PLACES**  
**(INTERMEDIATE)**

**80A COLEMAN STREET, LONDON, E.C.2**

Telephone: MONarch 2487

**COMPANY  
FORMATION**  
**FOR SERVICE AND SATISFACTION**  
 you cannot do better than use one of  
 the five **DAVY COMPANY OUTFITS**  
 coupled with the **DAVY SERVICE** for  
 your next company formation.

Write for full details and a draft copy of  
 Memorandum and Articles of Association,  
 settled by Counsel, to:

**CHAS. DAVY & CO.  
LIMITED**

**Company Registration Agents**

Head Office  
 3-11 PINE STREET, LONDON, EC1  
 Telephone Terminus 6267 (5 lines)

City Branch  
 11 MASON'S AVENUE, LONDON, EC2

## CHRISTIE & CO.

VALUATIONS AND SALES  
 HOTELS AND BUSINESSES  
 PROPERTY INVESTMENTS

### Regional Estate Offices:

<i>London &amp; Home Counties</i>	<i>7 BAKER STREET LONDON W.1 Tel. WELBECK 0022*</i>
---------------------------------------	---

<i>Hampshire &amp; South West</i>	<i>JACEY HOUSE THE LANSDOWNE BOURNEMOUTH Tel. 7247*</i>
---------------------------------------	---

<i>Devon &amp; West Country</i>	<i>ST. STEPHEN'S HOUSE CATHERINE STREET EXETER Tel. 59371*</i>
-------------------------------------	--

INSPECTIONS AT SHORT NOTICE

\**Private Branch Exchange*

# Accountancy

FORMERLY THE INCORPORATED ACCOUNTANTS' JOURNAL. ESTABLISHED 1889

VOL. LXVII (VOL. 18 NEW SERIES)

FEBRUARY 1956

NUMBER 750

The Annual Subscription to ACCOUNTANCY is £1 1s., which includes postage to all parts of the world. The price of a single copy is 2s., postage extra. All communications to be addressed to the Editor, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2.

## CONTENTS

PROFESSIONAL NOTES	LEADING ARTICLES	62 PUBLICATIONS
39 President of the Society Honoured	45 Standard Costs Won't Balance Automatically!	LETTERS TO THE EDITOR
40 The Rating Revaluation—	48 Should a Trustee Tell?	63 Estate Duty when a Remainderman Dies
40 —And the Incidence of Rates	50 Problems of Profit-Sharing	LAW
40 Society Dinner	51 Spoiling the Broth	64 Legal Notes
40 Yardstick or Milestick in the Hospitals?	TAXATION ARTICLES	THE STUDENT'S COLUMNS—
41 Wages in Loss of Profits Insurance	52 The Trader as His Own Market	65 On Interpreting the Tax Acts
41 The Productive Office—	54 Double Taxation Relief	66 Group Accounts
42 —And its Mechanisation	TAXATION NOTES	68 NOTICES
42 Business Failures since the War	55 The Finance (No. 2) Act, 1955	THE SOCIETY OF INCORPORATED ACCOUNTANTS
42 Local Loans—Market or Official? Short or Long?	55 Profits Tax—Increased Dividends after October 26, 1955	69 The Training of Judgment
43 Budget Representations	56 Rates of Profits Tax	69 District Societies
SHORTER NOTES	56 Taxation of United Kingdom Oversea Mining Companies	70 Results of Examinations
43 Management Accounting in Cotton	57 Stock Valuation	74 Events of the Month
43 Selling Nationalised Vehicles	57 Underwriters	75 Examinations—May, 1956
43 Accountants and Managers "in Conference"	57 Subvention Payments	76 Personal Notes
43 Half-a-Million a Day	57 Pre-digested Tax Cases	76 Removals
43 Saving Fuel in Industry	58 RECENT TAX CASES	76 Obituary
43 Business Efficiency Exhibition	FINANCE	
43 Retailing Up-to-Date	60 Points from Published Accounts	
43 American Company Reports	61 The Month in the City	
EDITORIAL		
44 Virtual Company Control		

## Professional Notes

### President of the Society Honoured

IT WAS MORE than usually pleasurable to scan the New Year Honours list, for among those who are made Commanders of the Most Excellent Order of the British Empire is Mr. Bertram Nelson, F.S.A.A., J.P., the President of the Society of Incorporated Accountants. Mr. Nelson is described in the official notice as a member of the Companies Act Consultative Committee of the Board of Trade, as well as President of the Society. The honour is a fitting tribute to his public work in these and many other directions and Incorporated Accountants generally will join us in heartily congratulating him.

We also have pleasure in extending our congratulations to Mr. A. H. Marshall, B.Sc., Ph.D., F.S.A.A., F.I.M.T.A., City Treasurer of Coventry, who is also made a C.B.E. Mr. Marshall has in recent years not only

initiated pioneering developments by the Coventry City Council in electronic accounting, but has also drawn up for the respective Governments valuable reports on the local finances of the Sudan and British Guiana.

Another member of the Society of Incorporated Accountants who is in the Honours list and whom we congratulate is Mr. Robert Sutcliffe, M.B.E., F.S.A.A., F.I.M.T.A., honorary secretary of the Middlesbrough Savings Committee and Borough Treasurer of Middlesbrough, who receives the O.B.E.

It also gives pleasure to congratulate the following members of other accountancy bodies: Sir John Morison, C.A., chairman of the Iron and Steel Holding and Realisation Agency, who was knighted in 1945, and is elevated to be G.B.E.; Mr. L. E. Kenyon, A.C.A., secretary of the British Federation of Master Printers and Mr. R. M.

Steele, F.C.A.(AUST.), who become C.B.E.; Mr. C. F. Gothard, B.Sc., F.C.A., J.P., who receives the O.B.E.; and Mr. Kenneth Beswick, A.C.A., Treasurer of Kent River Board, Lieutenant-Colonel W. S. Hack, A.C.A., and Mr. G. H. Palmer, A.C.A., Deputy Secretary and Accountant of the South Western Gas Board, who become M.B.E.

#### The Rating Revaluation—

RATEABLE VALUES for England and Wales appearing in the new valuation lists total £623 million, an increase of 72 per cent. over the total of £362 million in the lists at April 1, 1955.

If the rate poundage were adjusted to compensate for the rise in rateable value, a present rate of 20s. in the £—broadly, a representative figure—would drop to 11s. 8d. in the £. But such a large reduction is unlikely to occur, for local authorities are facing increased financial responsibilities. It seems to be more reasonable to expect a drop of about 25 per cent in rate poundages, say, from a present rate of 20s. to one of 15s.

It is not, at this stage at least, the rate poundages that are causing concern—though if the new poundages when they are known indicate that local authorities are likely to accumulate balances of unspent rates, or to overspend, there will be much criticism. At present it is the shifting of the burden to commercial properties that is arousing wrath. Inspection of the lists certainly reveals some striking increases in the rateable values of shops, offices, and hotels. Some have risen by as much as three or four times the amount of the original assessment.

#### —And the Incidence of Rates

AT THE END of February, a White Paper is to be published giving comparative tables of rateable values in the new lists and in the current lists as at December 1, 1955. The tables will give for each county, county borough and metropolitan borough, separate totals for houses, shops, other commercial properties, Crown property, industrial hereditaments, and freight-transport hereditaments. When this statistical analysis is

available, the Government will be able to decide what steps, if any, it should take to implement the undertaking first given more than a year ago that as soon as the effect of the revaluation can be fully measured, the Government would review the position, and would consider whether any changes were necessary.

It is difficult to avoid the conclusion that one obvious step would be to abolish the present differentiation between houses and commercial properties. With houses assessed to rates at 1939 levels, the greater part of the increase of 72 per cent. in total rateable value inevitably falls on commercial occupiers, whose assessments are based on current rental values.

#### Society Dinner

A DINNER WILL be held at Incorporated Accountants' Hall on Wednesday, March 21. Members of the Society who wish to attend this dinner are requested to make application as soon as possible to the Secretary of the Society. The inclusive charge for the dinner is £2 12s. 6d. per head and each member may invite one personal guest, who may be a lady. The dinner will be at 7 for 7.30 p.m., and the dress will be evening dress.

#### Yardstick or Milestick in the Hospitals?

THE NATIONAL HEALTH SERVICE hospital costing returns have put in their annual appearance, the latest publication being for the year ended March 31, 1955. (*Hospital Costing Returns*, H.M. Stationery Office, price 17s. 6d. net.) The foreword to the returns states proudly that "certain modifications and extensions of the difference of types of hospitals which have been introduced with effect from the year 1954–55 will, it is considered, result in a classification more in keeping with the contemporary pattern of hospital services," but it is not at all clear what this means. The basis of the returns is exactly the same as for those of the previous year, so all the objections to the existing system remain good and there is nothing to indicate precisely what is the effect of the altered classifications.

One thing, however, that is apparent from a close study of the returns is that, while they provide a bewildering mass of figures, they do not offer useful information to the amateur observer, or even to the individual more closely concerned with the hospital service, especially if he is tempted to make the obvious comparison between his own favourite hospital and the national averages shown in the summaries. The uninitiated may, for example, assume from the extensive analysis by bed complements of the "acute" hospitals that this classification embraces most of the important general hospitals in the country. But it is surprising to find that a great hospital, such as the Central Middlesex, often quoted as being one of the best hospitals (including teaching hospitals) in the country, is shown in the "mainly acute" classification which embraces hospitals of all sizes and standards, down to humble cottage hospitals.

Studying the returns, one cannot help speculating whether or not a large part of their function is to provide a form of window-dressing to help the Ministry before the Public Accounts Committee and Parliament. Certainly there is unlikely to be any widespread appreciation of the undoubtedly fact that the figures can form only a very rough guide to the true and comparative costs of hospitals.

The usual notices, based on the national averages given in the summaries of the returns, have appeared in the popular Press, and these meaningless figures will no doubt cause uninformed comment at various points throughout the country. It is difficult at this stage in our democratic processes to find the best method of avoiding the train of problems raised by inexpert discussion based on insufficient knowledge. Even the advent of the improved system of costing suggested by the recent working party (see ACCOUNTANCY for September, 1955, page 334) will do nothing to improve the situation unless the figures ultimately produced are accompanied by an intelligent appraisal. It is sobering to consider how inadequate

the present management tools are, in this enormous State "industry," with its vast inflationary potential.

#### **Wages in Loss of Profits Insurance**

WHAT SHOULD BE the figure for wages insured under a loss of profits policy? The whole pay-roll might be insured as a standing charge for the whole indemnity period, of perhaps as much as two or three years, but the premium that would then be payable would often be prohibitive. There have been evolved a number of types of cover that, while rather more restricted, are also more economical. The variants are discussed in a comprehensive and logically arranged survey by Mr. James Douglas, F.C.I.I., who was awarded for his paper the Morgan Owen Medal for 1955 by the Chartered Insurance Institute. The paper is being reproduced in the journal of the Institute later this year but in the meantime is available in booklet form under the title *Insurance of Wages under Loss of Profits Policies* (price 2s. net, from the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.3).

The full loss of profits policy, in which all wages are included as a standing charge and thus as part of the insured "gross profit," though relatively expensive, is most popular with small retailers and professional firms, including practising accountants. The relationship between the retailer and his assistants is frequently such that he would wish to pay them full wages during an interruption of the business through fire. Mr. Douglas does not mention that this same factor exists in the professions but, as he says, the highly skilled staffs would be difficult to replace. Many insurance offices will issue policies to professional men insuring gross fees, and standing charges, including salaries, need not then be specified.

One variant that saves money on premiums insures as a standing charge a percentage of the wages. In many businesses only some of the workers would need to be retained during an interruption. A disadvantage of this cover may lie in excessive optimism on the part of the employer before a fire occurs and his discovery afterwards that more workers have

to be retained, uneconomically, than the insurance proceeds allow.

Another type of insurance covers "pro rata wages." It is a common practice to insure the wages of the less important workers for periods of from one to thirteen weeks (other wages being insured separately.) Under this simple "stop gap" cover a sum insured is fixed by multiplying a weekly wage figure by the number of weeks of protection. Some disadvantages in seasonal businesses, not readily apparent, are well brought out by Mr. Douglas in his examples.

Still another possibility is to insure the whole or a part of the wages for, say, six months, leaving the indemnity period for the rest of the cover at, say, a year. A too optimistic attitude by the insured businessman may again make this limited cover unsatisfactory.

A logical development of the policy that insures wages for a shorter indemnity period is the policy that covers "tiered wages". It is eminently suitable for the larger business, for which the insured employer, his accountant and a specialist from the insurance office can together produce a table on these lines:

- Item 1. Wages to be included in the "gross profit" item for the main indemnity period (24 months)—20 per cent. of the total wage-roll.
- Item 2. Wages to be insured for an indemnity period of 18 months—20 per cent. of the total wage-roll.
- Item 3. Wages to be insured for 12 months—25 per cent. of the total wage-roll.
- Item 4. Wages to be insured for 6 months—25 per cent. of the total wage-roll.
- Item 5. Wages to be insured for 1 month—10 per cent. of the total wage-roll.

Mr. Douglas's paper is particularly valuable in giving a full description of the comparatively new "dual basis" of insurance. Insurance brokers often advocate this system strongly, and accountants may well be asked by their clients to advise whether it is suitable. All wages are insured for an initial period and a percentage of them for the remainder of the in-

demnity period for which the main "gross profit" item is insured. The policy is simplified by the introduction of a special system of premium rating based on the total wage-roll. The paper sets out in great detail the working of this method, which produces some arithmetical complications demanding close study; no more systematic survey of this type of loss of profits insurance has previously appeared in print.

An important ingredient of most claims under loss of profits policies is the increase in cost of working incurred by the insured in his efforts to maintain his business. Mr. Douglas fully discusses this element of the cover, in relation to each type of insurance.

Many accountants would read this paper, nearly one hundred pages in length, with interest and many more would consult it with benefit when faced with a problem in the insurance of loss of profits.

#### **The Productive Office—**

IT IS RARE in Britain, but common in the United States, for offices attached to factories to be accorded the full status of production units. But management here is at last beginning to appreciate the essential productivity of accountants, secretaries, and office personnel generally, even if the label "productive" is still anomalously applied only to workers outside the office. And the corollary is that thought is being given to the lay-out and equipment of the office as producer of the instruments of managerial control in the shape of accounting and statistical data, just as the lay-out and equipment of the factory is closely studied in the interests of efficient and maximum production of material goods.

Take the accommodation question. Dickensian conditions, in which administrative staffs are hidden away in basements and attics, are still far from unusual. The careful recommendations of the Gowers Committee, which reported in 1949 on improving conditions in offices and other non-industrial places of work, have still not been given the effect of law. But over the past quarter of a century there has nevertheless been a

tremendous change for the better. Alert businesses now attach importance to making their offices not only comfortable, but bright and cheerful. The trend is for an architectural layout to be planned to ensure correct physical relations between new factories and their offices. The offices are no longer improvised as a mere after-thought, but are carefully integrated with the manufacturing unit.

Fluorescent lighting is becoming increasingly popular, as combining the nearest approach to natural daylight with economy in use. In a further attempt to improve efficiency and reduce eyestrain, the source of illumination is often brought down from the ceiling to desk level. Adequate heating with thermostatic control, ventilation, air-conditioning, blinds to reduce sun glare, receive careful attention. Walls are painted in pleasant colours. Ample window space is provided. If the office is attached to works engaged in a noisy process, sound-proof walls are erected. Rubber flooring may be laid down, not only because it makes for quietness, but also for its non-slip qualities.

It is becoming more usual to have one large general office, rather than a number of smaller ones. Employees then work together as a team. There is unrestricted movement from department to department, and from desk to desk.

#### —And its Mechanisation

THE RAPID mechanisation of offices has dominated all other developments. A few well-trained young women can nowadays perform tasks, with the aid of dictaphones, cash registers, franking machines, comptometers, and bookkeeping machines, that would formerly have required a whole army of clerks. Bob Cratchitt, though still with us, is obviously "on his way out." Yet we lag behind the Americans in the use of a super-abundance of "clerical tools"—adding-machines, electrical typewriters (enabling two dozen carbon copies to be taken at once), loose-leaf and card index systems, internal telephones. We are reluctant to sink too much capital in these tools unless, like a factory lathe, they

can be kept in quite continuous use. An expensive machine, whether in workshop or office, must certainly be adequately "loaded" if it is to be worth installing. But the argument does not hold for the less expensive equipment. Clerical tools, in the modern view, should be laid on as freely as possible: it is more important that the equipment should be available at numerous points than that it should be kept working to maximum capacity. Some American offices, in their drive for maximum clerical efficiency, have a typewriter, adding machine and dictaphone at the desk of every clerk. The principle is sound, for the raising of office outputs must now depend largely on machines and automatic processes.

#### Business Failures Since the War

THERE HAS BEEN a steady growth in insolvency since the war. As the following table shows, by 1953 the number of receiving orders and administration orders had become almost as many as in 1939, but deeds of arrangement were still far less numerous than then. Total liabilities of debtors, despite the rise in prices, were rather less in 1953 than in 1939, but total assets were rather more.

TABLE A

Year	Receiving and Administration Orders	Deeds of Arrangement	Liabilities £'000's	Assets £'000's
1939	2,638	1,414	9,076	2,520
1946	323	31	1,255	522
1947	626	90	1,954	694
1948	1,132	152	3,350	1,338
1949	1,491	202	5,903	1,822
1950	1,823	232	6,377	2,188
1951	1,816	261	6,087	2,251
1952	2,043	301	7,929	2,473
1953	2,222	302	8,056	3,132

These figures, with many others, are given in the *Bankruptcy General Report for the Years 1939–1953* by the Board of Trade (H.M. Stationery Office, price 1/3 net). The Board's annual reports were discontinued early in the war and this comprehensive report is intended to facilitate the work of the committee under the chairmanship of His Honour Judge Blagden that is to report on the amendment of the Bankruptcy and Deeds of Arrangement Acts.

The statistics show that of all the trades, bankruptcies were most prevalent in building in the post-war period. Engineering, farming and

garages were also high on the list. People in non-trading occupations who most frequently went bankrupt were company directors and "agents" of various kinds (mainly in finance and property). Over the post-war years, there were on average seven bankruptcies a year among accountants.

In 1953—and the figures were roughly similar in other post-war years—of applications made for orders of discharge, 2 per cent. were granted unconditionally, 15 per cent were granted subject to conditions or subject to conditions and suspension, 72 per cent. were granted subject to suspension, 4 per cent. were adjourned generally and 7 per cent. were refused.

#### Local Loans—Market or Official? Short or Long?

LAST MONTH the Treasury removed the ban on the issue of mortgages for periods of less than seven years. So there is restored to local authorities complete freedom in their approach to the open capital market—once the raising of the loan is authorised by the central government.

In announcing its decision, made after strong pressure by the associations of local authorities, the Treasury murmured some grandmotherly warnings. The concession was given on an experimental basis and if the volume of short term borrowing became excessive or other adverse conditions developed, the restriction might have to be reimposed. The cautions were thought necessary by the Treasury because it has not abandoned its view that long-term investment by local authorities should be financed in the main by long-term borrowing. Chief Financial Officers of local authorities will agree with this as a principle. But if sufficient funds for the most appropriate periods are not available at reasonable rates of interest funds must be raised for other tenures. Since October of last year, when local authorities lost their right of automatic access to the Public Works Loans Board for loans, the demand upon the mortgage section of the open market for money for seven years and more has been excessive.



## The Sensimatic has a flair for figures

Lucky girl! Her boss is right up to date with a modern accounting system. That's why he equipped the office with Burroughs Sensimatic Accounting Machines, with the *exclusive sensing panels* that simplify the most complex operation. Each of these interchangeable panels can be pre-set to any four figuring and posting procedures. To change jobs, the operator simply turns a knob—and her Sensimatic automatically follows the correct accounting pattern . . . automatically makes so many decisions formerly required of the operator. The whole job takes on a new simplicity. Work is done faster and error-losses are virtu-

ally eliminated. Moreover, Sensimatics stay modern—to change accounting methods just change the sensing panels, not the machine. That's long-term economy. Call our local branch office for a demonstration. Burroughs Adding Machine Limited, Avon House, 356-366 Oxford St., London, W.1.

**Burroughs**  
Sensimatic

# METROPOLITAN COLLEGE

**SPECIALISED TRAINING**  
for the examinations of the  
**INSTITUTE AND SOCIETY**

Association of Certified  
and Corporate Accountants  
Institute of Cost and Works  
Accountants  
Chartered Institute of  
Secretaries  
B.Sc.Econ. & LL.B. (Lond.)

**FELLOWSHIP IN  
MANAGEMENT  
ACCOUNTANCY**

The Metropolitan College provides  
expert postal tuition for the above  
examination, which is held by the Insti-  
tute of Cost and Works Accountants.  
Full particulars on application.

Established 1910

At the C.A. and S.A.A. Examinations Students of the  
Metropolitan College have gained more than

## 9,250 SUCCESSES

and more than 350 HONOURS, Prizes and Medals

including

**56 FIRST PLACES  
38 SECOND PLACES  
65 Third and Fourth Places**



★ WRITE TODAY for a free copy of the College "Accountancy" Prospectus  
to the Secretary (A3), METROPOLITAN COLLEGE, ST. ALBANS, OR CALL:  
30 QUEEN VICTORIA STREET, LONDON, E.C.4. (Telephone: City 6874).

**METROPOLITAN COLLEGE**

**ST ALBANS**

To married men and those about to marry

There is no need to worry

## SCOTTISH EQUITABLE INCOME BENEFIT PLAN

guarantees £240 per annum from death until 1981. At age 50 the com-  
mencing cover totals £6,000 and the cost of this benefit is only £17 11s. 4d.  
per annum limited to 20 years. We can quote for any amount of benefit.

**SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY**

*Head Office:* 28 ST. ANDREW SQUARE, EDINBURGH, 2

*London Office:* 15 CORNHILL, E.C.5

Lenders have naturally made hay.

The P.W.L.B. rates of interest have again been moved up. On loans for up to five years the rate is raised from 4½ per cent. to 5½ per cent., for from five to fifteen years it is raised from 5 per cent. to 5¾ per cent., and for more than fifteen years from 5 per cent. to 5½ per cent. The Treasury carries through its dislike of short-term borrowing by local authorities to the extent of securing a greater rise in the rate on short loans from the P.W.L.B. Since, however, the Board still cannot lend for less than seven years, the rise is in itself ineffective and is presumably intended to encourage and reflect rising rates on short-term loans to the local authorities in the open market. The Board rates are now intended to be based on "the credit of local authorities of good standing in the market for loans of comparable periods." It is to be observed that the rate at which the Board will lend long-term money is still less than that at which it would lend short-term money—if it were allowed to lend short-term money.

The new-won freedom to borrow short in the market may mean that funds will become available which by their nature can be advanced only for shorter periods of, say, three or five years—including small local loans. Many local authorities have been quickly off the mark in advertising for loans for these periods.

#### Budget Representations

THE FEDERATION OF British Industries urges on the Chancellor of the Exchequer a cut in public spending; reduced taxation on materials (including fuel) used by industry; the creation of Oversea Trade Corporations, as recommended by the Royal Commission; a flat rate of profits tax; extension of earned income

A dispute in the printing industry has caused delays in the production of ACCOUNTANCY, among other journals. For reasons beyond our control, some copies of this issue may thus be late in reaching subscribers. We regret any inconvenience that may be caused.

relief at the current rate up to £2,500 and at half rate from £2,500 to £3,000; valuation of private companies for estate duty on the same basis as other assets; comprehensive public inquiries into the purchase tax and stamp duties; the adoption of the flexibility in stock valuation recommended by the Royal Commission; elimination of double taxation by credits for foreign taxes paid; relaxing of the rules for admissibility of expenses under Schedule E; and legislation on retirement benefits on the lines suggested by the second Millard Tucker Committee.

The representations for tax remissions would surely be of more usefulness if the Federation put them forward in order of priority.

increasing productivity; and accounting as the basis of planning and control.

#### Half-a-Million a Day

Payments by the *War Damage Commission* now amount to £1,174 million—about £½ million for every day of the war. Contributions by property owners during and after the war were nearly £200 million.

#### Saving Fuel in Industry

"Fuel Conservation and Productivity" is a pamphlet published by the *British Productivity Council* (21, Tothill Street, London, S.W.1, price 9d. net) explaining the importance of fuel conservation in industry and how it can be achieved, describing the advice that can be obtained from the *National Industrial Fuel Efficiency Service*, and giving details of the government scheme of loans for fuel-saving equipment.

#### Business Efficiency Exhibition

As already announced, the national Business Efficiency Exhibition will be held at Bingley Hall, Birmingham, from February 20 to 25. Nearly 110 makers of office machines and appliances will exhibit.

#### Retailing Up-to-Date

Recent developments in retailing, including method study, stock control and management accountancy, will be discussed at a conference at Bournemouth from March 6 to 8. Other subjects will be the training of executives; the relationship of trading hours to costs, advertising for retailing; and the implications of prepackaging. The conference is organised by the *British Institute of Management*.

#### American Company Reports

Of 600 American company reports analysed, about 17 per cent. showed changes in methods of depreciation as permitted by the revision in 1954 of the Internal Revenue Code (see our issues of October, 1954, pages 367-8 and April, 1955, pages 140-2). Of the companies reporting changes, 38 per cent. used the declining balance method and 41 per cent. the sum-of-the year's-digits method; some used both methods. A "single-step" income statement, with total expenditure subtracted from total income to show net income, was used instead of series of additions and subtractions in 41 per cent. of the reports, compared with only 21 per cent. at the end of the war. The analysis of the reports, giving much other information, is in *Accounting Trends and Techniques*, available from the American Institute of Accountants (\$15.00 net).

# EDITORIAL

## Virtual Company Control

**I**N a review of the growth of joint stock companies appearing in *The Times* of December 8 and 9 of last year, there was made a suggestion for the amendment of the Companies Act of 1948. The suggestion demands attention for two reasons. First, because the situation is often basically not understood. Second, because to change the law in the way suggested would have far-reaching effects that are far from apparent. The observation made in the article was: "Stockholders can in the end unseat the Board if we except, that is, doubtful uses of the corporate form (which possibly the law should prohibit) whereby two companies may insulate their Boards from responsibility to stockholders by each owning an effective controlling interest in the other."

A few days later, in a letter to *The Times* commenting upon this suggestion, a qualified accountant wrote that Section 27 of the Companies Act does attempt to prevent the dubious device in question, by providing that a corporate body cannot be a member of a company which is its holding company. "This prohibition," he said, "may conceivably be circumvented by a holding of shares as trustee, which is possibly what your contributor had in mind."

But it is unlikely that the author of the article had in mind a trustee shareholding, for, as was pointed out in a further reply published in *The Times*, "effective controlling interest" in the context of the discussion can only mean the control that exists when one company acquires a smaller part of the shares of another than is required to make that other its subsidiary. Control of this kind may be termed "virtual control."

Control may be virtual, if not absolute, because a substantial block of shares can usually be relied upon to out-vote unorganised shareholders. And a refinement of this control, which is the situation in review, is where one company acquires, say, 25 per cent. of the equity in another company, and that other in turn holds, say, 35 per cent. of the equity in the first. The Boards of the two companies may well consist practically or entirely of the same persons and it follows that control of both companies rests almost wholly in a single set of directors. Neither company, nonetheless, can secure more definite control of the other, namely, a controlling interest within the definition of Section 154 of the Companies Act, by becoming the holding company of the other, unless it is supposed that the other company carried through the difficult process of disposing of its holding in its parent-elect. For Section 27 provides that a body corporate cannot be a member of its holding company, unless it already was on July 1, 1948 (and the subsidiary in that event has no right to vote at meetings of the holding company), or both the subsidiary and the holding company are in all other respects qualified as exempt private companies.

That other commentators have also misjudged this issue of "effective control" was shown in June, 1954, when *The Sunday Express* deplored the "interlocking finance system" whereby directors gain control of other companies although, as the newspaper peculiarly put it, "they own only a thimbleful of the controlling shares." The columnist, to protect what he called the rights of shareholders against this danger of exploitation by the few, called for "a simple amendment" to the Companies Act. He omitted to say what this simple amendment should be.

Two weeks later the same columnist quoted the *Savoy Hotel* case and *The Times* leader that had just appeared, reading: "Since it seems essential to the whole system of joint-stock enterprise that Boards should be unable to alienate control permanently from the stockholders in order to perpetuate their own policies, there is an obvious *prima facie* case for amending the law in order to put the issue beyond any doubt." "This is exactly," he said, "the opinion I expressed in the case of the *Daily Mirror* and *Sunday Pictorial*, whose shareholders have had their right filched from them by power-thirsty management . . . The real owners, the shareholders, have lost control." But the *Savoy Hotel* case did not involve the "interlocking finance system" or virtual controlling interest. The *Savoy Hotel* case concerned the alienation of assets by a policy of the directors without the consent of the shareholders (and the quotation from *The Times* referred to the report of Mr. E. Milner Holland, Q.C. that the directors' scheme was an invalid use of their powers). If there is a virtual controlling interest between two companies—as there is reciprocally between the *Daily Mirror* and the *Sunday Pictorial*—it exists with the consent of the shareholders: it has nothing to do with the transfer of assets beyond the power of the shareholders without their consent.

To prohibit virtual control would be to restrict enterprise. In allied businesses control of this kind secures a central and mutually beneficial co-ordinating policy at a cost far cheaper than would be incurred to erect and maintain a group structure. And other shareholders stand to gain, for the Board of each company is answerable to a distinct body of shareholders who could, if they chose to combine their forces, overthrow the directors. That small shareholders can become a powerful force to challenge directorial policy—even policy with the backing of virtual control—is shown by the formation of shareholders' associations. While prohibition of virtual control is not to be advocated, there is a better case for preventing by law reciprocal shareholding from exceeding a certain percentage—say, 30 per cent. If these holdings were so limited, shareholders other than the "controlling" directors could the more easily join hands to defeat a Board with whose policy they were out of sympathy.

*what is this thing called*

---

**CLITAS?**

## NOT A BOOK, BUT A SERVICE

'*Clitas* is what a Frenchman would describe as a truly *formidable* work. Stoutly bound in loose-leaf form, and well designed both for ease of reference and amendment, it is a most workmanlike production.

'*Clitas* is not a book but a service, built around a verbatim reprint of the Act of 1952 with which are included the unrepealed provisions of no fewer than forty-two earlier Acts, together with Statutory Regulations and the Double Taxation Orders. These by themselves would make a useful work, but the value of *Clitas* is enhanced by detailed annotations of each section of the Act of 1952, indicating the source and giving cross-references both to other relevant provisions and to Konstam's *Law of Income Tax*, together with extensive citations of decided cases.

'The service which the publishers undertake includes furnishing subscribers year by year with annotated copies of the Budget resolutions, the Finance Bill and the Finance Act very shortly after they respectively appear. The Finance Bill finds a place in a separate section for pending legislation and an ingenious referencer enables the busy practitioner to ascertain at a glance when considering a particular section of the Act of 1952 whether amendment or repeal is in prospect. The service is supplemented by a section on profits tax and excess profits levy under the joint editorship of Mr. Desmond Miller and Mr. H. Major Allen.

'Beyond dispute the publishers have produced a work of weight, but this is a fair price to pay for the advantage of possessing a work which is truly comprehensive. Despite its size, *Clitas* like its parent, the second volume of Konstam's *Income Tax*, reflects credit on the printer for its combination of clarity with economy of space.'

—*The Solicitors' Journal*

## THE WORK

'These volumes contain the current legislation on income tax, profits tax and the excess profits levy. The relevant sections are set out, as amended (showing both present and previous wording), with very full annotations. Double taxation orders and other regulations, and circulars, etc., are all set out. Digests of new tax decisions are given as soon as available, keyed to the relevant section or order.'

—*The Publishers*

**C L I T A S — C u r r e n t L a w I n c o m e**

### FIRST OPINION

'The advertisements of these publications make high claims, as our readers will have noticed. The first impression . . . is that these claims are justified, and indeed that the high standard of the publications, made available with such admirable speed, will command the respect of all.'—*Law Notes*

### SECOND THOUGHTS

'Quite apart from the substantive merit of the publication, however, we regard with some awe the mechanical genius which produced this method of keeping a book on an ever-changing subject up to date and the practical efficiency (again from the mechanical point of view) by which this is done.'—*Law Notes*

### COMPREHENSIVENESS

'It is quite the most comprehensive and competent guide through the income-tax maze.'—*The Accountant*

### PRACTICE NOTES

'The "practice" notes are useful, as may be expected from the Editor-in-Chief's recent official position.'—*The Solicitor*

### EASE OF REFERENCE

'The complexities of modern tax law and the frequency with which it changes make prompt and reliable information essential to the practitioner and the aim of this new service is to supply it more speedily than ever before. The publishers' declared intention is to provide a complete service to the practitioner. They have done it and done it well. Every conceivable feature that makes for quick and easy reference and every graphic device to guide the reader through the maze of statutes and orders has been incorporated. The publishers and editors are to be congratulated on an important addition to the reference literature of taxation and we hope that the service will meet with the success it deserves.'

—*The Accountants' Journal*

### LOOSE-LEAF FORMAT

'Clitav is in the loose-leaf form. . . . Taxation has become so complicated, and changes so rapidly that the ordinary bound textbook usually becomes out of date in a short time.'—*The Director*

Income Tax Acts Service—CLITAS

## FIRST CLASS INDEX

'The authors are to be congratulated on a first class index. So many worth-while books have lost much of their value through poor indexing that it is refreshing to see an index which bears the stamp of workmanship and an appreciation of the needs of practitioners.'

—*The Law Times*

'Above all, it contains a good index.'—*The Director*

## THE SERVICE

'It is the aim to give:

Budget Resolutions within three days—Finance Bill within a week—Finance Act within a fortnight—All new Regulations, Orders, etc.—All new cases digested and keyed to the text—Yearly replacement sheets to bring annotations up to date.

'This promises to be a real aid to busy accountants; it has started admirably.'—*Accountancy*

## THE LAST WORD

'Given regular and efficient filing of the releases, the busy practitioner should be certain of having at hand the last word on income tax be it legislative or judicial.'—*The Scots Law Times*

## ORDER FORM

Please send me/us—

.....The Complete CLITAS Service  
(including Service to end of year)

£10 10s. } postage  
£7 7s. } 3s. extra

.....Income Tax and Surtax only  
(including Service to end of year)

for which a remittance is enclosed.  
will be sent.

Annual Subscription thereafter, £2 17s. 6d. and £2 7s. 6d. respectively

Name .....

Address .....

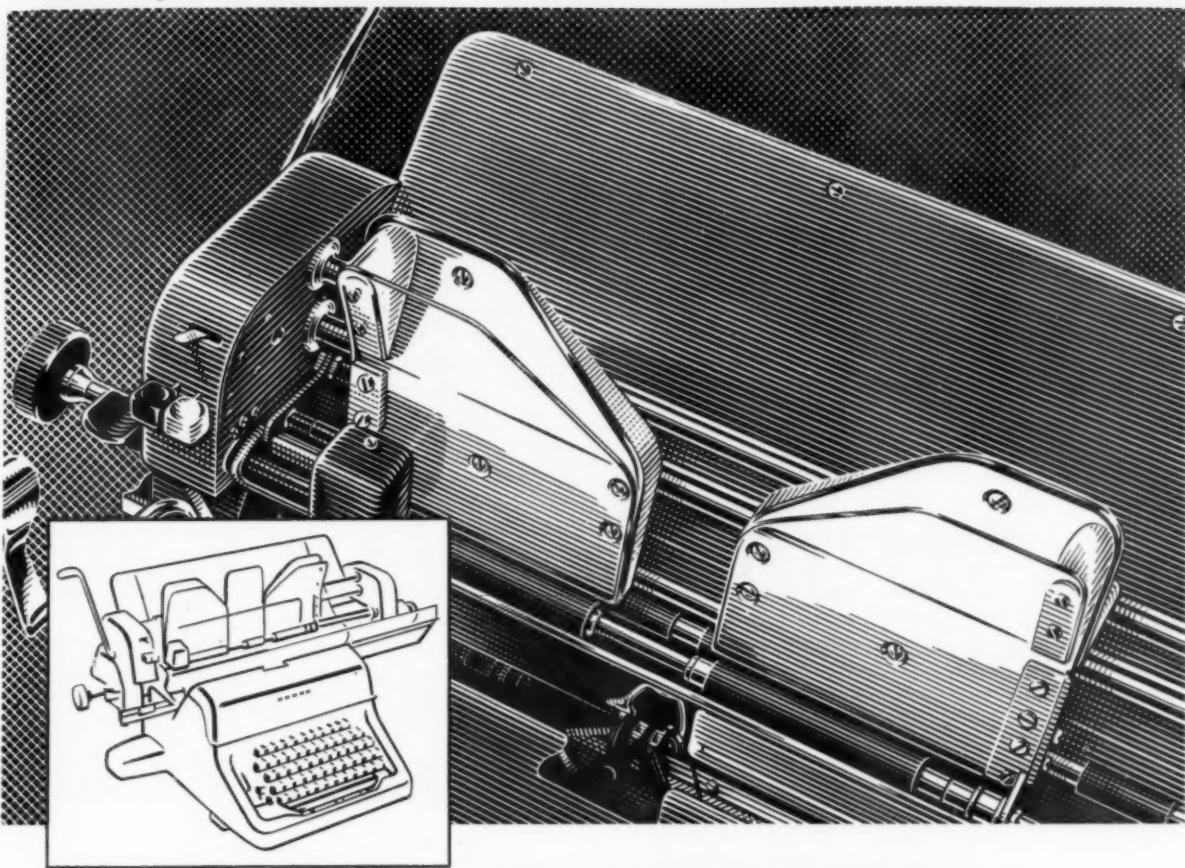
Date .....

**SWEET & MAXWELL · STEVENS & SONS**  
2 & 3 Chancery Lane, London, W.C.2      Telephone CHAncery 5462

**W. GREEN & SON**  
St. Giles Street, Edinburgh      Telephone CAledonian 4879

Printed in Great Britain

● For new ideas in business ...



## FEED YOUR FORMS HERE and speed your accounting

The Front-Feed Typewriters designed by Remington Rand are uncanny in the way they give easy feed and release, automatic alignment and ejection of forms.

They are planned to speed and simplify accountancy for the smaller business : and pay for themselves over and over again in terms of man-hour savings.

Front-Feed Machines come in a range of three — Automatic Front-Feed, Fix-Feed and

C-Feed. Thus, there is a version that is made-to-measure to suit the needs of your own accounts department.

Front-Feed Machines are merely one of the many modern methods devised by Remington to stream-line the day-by-day efficiency of business operations. The Man from Remington Rand will gladly call upon you to discuss their application to your own problems — without obligation.

Send for the man from

# Remington Rand



*Tick which you prefer*

- Tell me more about Front-Feed Machines
- Arrange for your representative to call by appointment
- Send me informative literature, free

NAME ..... POSITION .....

ADDRESS .....

FF 107

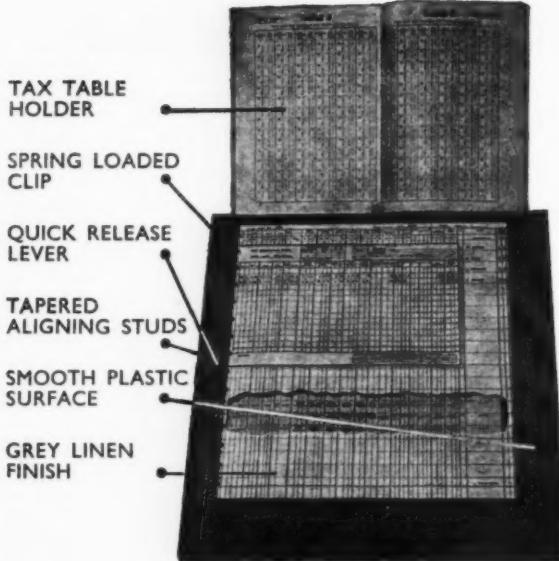
REMINGTON RAND LTD., 1-19 NEW OXFORD STREET, LONDON, W.C.1



*That's YOUR job on PAY DAY*

*Twinlock 3 in 1 wage systems*

*make it easier!*



Three operations in one! Now you can prepare Wages Records, Personal Record Sheets, and Wage-slips

simply, quickly, in one operation . . . and actually gain in accuracy and speed of entry. Here's a remarkable system

—worked out to the last detail so that hand and eye can work with ease. Everything is tidily under control . . .

uniform tabulation on all pay sheets . . . billing board allows rapid alignment . . . spring clip secures sheets in

position. The Wages Record and a perforated Pay-slip sheet go on the billing board with a carbon between them.

On top goes the Employee's Personal Record Sheet, and a triple entry is made in one writing.

Please send for descriptive literature, or ask your local Stationer or Printer for a demonstration.

Sold only through the Stationery, Printing and Office Equipment Trades.

Percy Jones (Twinlock) Ltd.,  
37 Chancery Lane, London, W.C.2.  
Phone: Chancery 8971.

# Twinlock

LOOSE LEAF BOOKS AND ACCOUNTING SYSTEMS

**The Golden Rule of standard costs—How differences emerge between “process costs” and “product costs”—Tracing the differences—The effects on the work-in-progress accounts**

# Standard Costs Won't Balance Automatically!

by F. T. Hunter, F.C.A., F.C.W.A.

## Introduction

IN THE EXCITEMENT of installing a scheme of standard costs, it is all too easy to forget that the books should balance—and not only that they should balance financially but that they should balance with the physical position in the factory.

Usually the position disclosed by a physical stock check will not equate precisely with that disclosed by the stock accounts, the raw materials, the work-in-progress or the finished stocks, but the differences will not be of disturbing proportions. It is, however, a sad fact that sometimes most alarming differences do occur. The result is panic. Much laborious research is undertaken into the past in an endeavour to plug leaks. A suspicion, not to say a conviction, is created in the minds of non-accountant executives, that standard costs are not by any means all they are cracked up to be. Strong pressure groups in favour of a return to job costing are formed. The accountant often finds it difficult to restore confidence in his methods.

One of the accountant's difficulties is all too often that the remedial action required involves a frank admission that he and his staff have not done their sums correctly, and that, had they done so, the system would have disclosed the differences in time for management to take the necessary action.

Most of the differences occur in the factory, and their occurrence cannot in any way be blamed upon the accountant, but he represents the eyes and ears of the management. Failure on his part to ascertain and report renders him vulnerable, particularly since many of the differences are the result of quite proper actions in the factory to deal with changes of circumstances, emergencies, new ideas and so on—actions which nevertheless have a financial effect requiring ascertainment and correction.

## The Golden Rule

In any scheme of standard costs the golden rule should be “Do the work-in-progress account and the stock account balance?” or, to be fair to the accountant, “Is the scheme so operated that, other than inevitable modest differences arising from causes almost unascertainable, there is a reasonable prospect of the accounts balancing?”

The reason for adopting this golden rule, and for struggling to keep the work-in-progress account and the stock account accurate, is that in any well set-up scheme all other differences are automatic. There is a constant and

automatic comparison of the value placed upon work done and the money spent in getting the work done, so that to this stage differences emerge automatically.

Where the trouble starts is in ascertaining whether the value placed upon work done (the standard value) does in fact represent the total of the predetermined standard values of all the individual piece parts processed in any control period, and which do in fact eventually come to rest in a store.

## The Process-Product Relationship

In the majority of schemes the control aspect and the cost ascertainment aspect are handled from two closely connected but somewhat different points of view.

The control is usually placed upon each process or manufacturing operation. Standards, for both time and money, are evolved for each operation, and a rate per standard hour is calculated. But this assessment is usually done without considering what particular piece parts might pass through each process in any period or year.

As each operation is performed, its own time value is placed upon it (in very many cases the same time value as is used for wage payment purposes) and at the end of a period the total of all the time values is ascertained for each process and is converted into standard money value by multiplying each total by the costing rate for the particular process.

Cost ascertainment looks at the situation, not from the viewpoint of processes, but from the viewpoint of individual products. Each product will have a lay-out which stipulates the type and quantity of material to be used, lists the operations to be performed, states where they are to be performed, and gives the standard time for every operation. Each of these times is converted to money by multiplying it by the costing rate for the process concerned.

A little simple arithmetic will show that the assessment of the value of work done on a process basis must equal the total value of finished pieces on a product basis—provided that quantities started and finished are the same, that the operations performed always agree, that the quantity of material used is exactly to specification, that the costing rates do not change, that the time values of each operation are the same for process evaluation and product evaluation, and—but someone will cry “Stop! Enough provisos have been mentioned already to create alarm.”

It is this failure to remember that the debits to work-in-progress arise from an evaluation, operation by operation, of work done, but that the credits arise from an evaluation of the products transferred in a complete state, that causes the differences to remain undisclosed.

### Sources of Difference

It is possible to sort out the potential differences into two broad categories:

- (1) Those that automatically emerge from the budgetary control statements;
- (2) Those that do not automatically emerge from the control statements but require special checks to be made.

### Differences Emerging Automatically

The differences that emerge automatically from the control statements are those occurring in day-to-day performance in the factory. In terms, again, of the process and not of the product, they represent divergencies from the original standards.

Examples are:

Volume	Was a greater or smaller volume of work performed than was expected?
Speed	Was the work performed, on average, more quickly or more slowly than was expected?
Extra allowances	Were any of the time standards relaxed temporarily for causes beyond the operator's control?
Use of capacity	Were there more or fewer losses of time from hold-ups (for example, plant breakdowns) than were expected?
Spending	Were there permanent changes in the rate of spending (for example, a wage award) or temporary changes?

These and similar types of difference would almost certainly be segregated in the control scheme, either individually or sometimes collectively, and their segregation and transfer to the profit and loss account would restore to the original standard value the value of the work done.

The work-in-progress account would read:

Dr	Cr
Money spent for:	Operating differences (transferred to profit and loss account)
Wages	Standard value of work finished (transferred to finished parts stock account)
Overheads	Balance, representing standard value of unfinished work
Materials	

But the account in this form is almost always compiled on a process basis and assumes that the standard value of work done is in fact the same standard value as that used in the original assessment of the standard value of product costs, and that there has been no scrapped work. In other words, it is assumed that all products have been made

exactly as originally planned. (For convenience, material is considered below in a separate paragraph.) However, it is unfortunately true only rarely that work is always performed exactly to the book. Unless special steps are taken to ascertain and control the variation it can remain undetected. The standard value of work done must have regard, in the first instance, to facts, and must represent the value of what was authorised to be done and not what was originally expected to be done. Any other course could, and very frequently would, be quite unfair to the shop management. Certain orders are given to the shop, and those in charge of it are basically quite unconcerned whether their orders conform to some original lay-out on the cost office file. This is not to suggest that everything a shop does is exactly what it was told to do. From a purely financial viewpoint the effect of an authorised or unauthorised divergence from plan is nevertheless precisely the same.

### Differences Requiring Special Checks

The sources of difference requiring special checks that have to be deliberately contrived are many. But as a general rule nothing more is required than some systematic comparison of what was done with what should have been done, and a careful watch on quantities of parts processed. The degree of checking done must obviously depend upon the circumstances and the accountant's assessment of the error potential. What it is imperative to check in one concern it might well in another be mere pedantry to check.

Some examples of this kind of difference are:

1. Alterations, subsequent to the original assessment of product costs, in the planned time of operations. Some of these alterations will be picked up under the heading of extra allowances already referred to, but it is impossible to be certain without some degree of checking.
2. Re-routing—the performance of work in a manner different from that originally planned. Again the routine system may spotlight some of this type of variation, but a regular check is necessary for certainty.
3. Inclusion of additional operations.
4. Amendments to parts lists.

5. Items planned to be bought-out but in fact made in the factory.

6. Rectification, or work of an expense nature (for example, work for the maintenance department) performed in a productive process.

7. Unrecorded scrap.
8. Serious clerical errors.

There are many more such differences, but with the exception of plain errors all of them can be the result of perfectly proper management decisions.

Whatever the reasons for the differences, their financial effects must be assessed and dealt with. The accounting position, before correction, is that the values placed upon work done are either:

- (1) Different from the values used in the original assessment of product costs, or

(2) Values correctly placed upon work done, but to be written-off as expense and not left in work-in-progress as an apparent asset.

Think of a piece part requiring, in its original planning, three operations. As each operation is completed, the appropriate standard value will be placed upon it and be debited to work-in-progress. When the part is finished, the total standard value will be transferred to the finished parts stock account. If, however, a fourth operation is subsequently considered necessary, work-in-progress will receive a charge for this fourth operation, but the transfer value will remove only the original cost of three operations, until the cost office does one of two things. It will either (a) write-off the fourth operation as a variance or (b) alter the established standard cost of the product. Which of these two actions is the correct one is a matter for consideration in the circumstances.

While it is possible, and often quite legitimate, for the accountant to work out a scheme for checking on a selective basis, complete accuracy can be achieved only by complete checking. The checking need not necessarily be done in the cost office; it may be that the production control system is sufficiently good for the accountant to use and rely upon it.

#### **Basic Types of Difference and Means of Checking**

In the main, the types of difference of a basic nature can be put under three headings:

(1) Differences between the quantity of piece parts called for and the quantity obtained on each production order;

(2) Differences between the method of manufacture originally planned and that adopted when the work is in fact done (including new or deleted operations, altered times, altered methods and so on).

(3) Performance of work in a production process of an expense nature.

The means of checking are comparatively quite simple, although at times laborious.

The third group of differences is the simplest to check. All that is usually needed is an inspection of job records and the computation of totals of the work process by process.

Checking for the first group of differences is also quite simple. A record has to be kept of the result of each operation, so that when a job is completed having, for example, started at 100 and finished at 90 only, the missing 10 piece parts are accounted for and any cost incurred at any stage is assessed and written-off. Again, this record does not necessarily have to be maintained by the cost office, as the routine procedure of production control may provide the information, but the accountant must be sure that he receives it and that it is reasonably accurate.

Checking for the second group of differences, however, usually presents greater difficulty to the accountant. It is understandable that the works executives tend to take action, forgetting to keep the paper work tidy. The accountant almost always has to create a checking procedure for himself. He has to check the record of work done against the process lay-out used to prepare the

standard product cost. There are endless ways of performing this check, depending to some extent upon the degree of mechanisation of document preparation and processing, but it has to be done somehow.

Any difference (of time, place or method) must be evaluated and written out of work-in-progress. There will be differences both ways—some jobs will be performed more cheaply and some more expensively.

#### **Lack of Technical Information**

Sometimes it is not possible to prepare standard product costs before manufacture takes place, either because the technical records do not exist or are seriously incorrect, or because there are rush jobs on which it is not economic to spend time on planning. The accountant must then resort to a form of job costing. The easiest method is to analyse under process headings the time spent, value it at the appropriate costing rates, and transfer the total out of work-in-progress account to cost of sales account or finished parts stock account. The resultant cost is not a standard cost in the sense of being an assessment of what the job should have cost; it is merely a record of what the job did cost at standard hourly rates. The work-in-progress account will, however, be correct in that the same sum of money will be debited and credited.

#### **Material**

Material does not so often present problems.

Each process lay-out will state how much and what type of material is to be used. There will be a stores requisition for each issue, and the comparison of the actual issues against the standard issues period by period will enable any differences to be assessed and written-off.

Two main types of difference will emerge:

(1) Excess usage;

(2) Use of substitutes.

The use of substitutes can usually be traced easily, for

<u>Dr</u>	<u>Cr</u>
Moneys spent for:	
Wages	Operating differences emerging automatically from control (transferred to profit and loss account)
Overheads	Balance representing standard value of work done (carried forward)
Materials	
Balance brought-down representing standard value of work done	Differences emerging as a result of special checks (transferred to profit and loss account) Standard value of work finished, assessed at original standards (of method, time and money) (transferred to finished parts stock account) Balance, representing standard value of unfinished work, assessed at original standards (of method, time and money)

any reasonably well conducted concern does not permit substitution without planning office sanction and the necessary notation on requisitions.

Usage differences can emerge job by job, or, depending largely upon the type of material, may be ascertainable only globally. Clearly, if the material is such that differences emerge only globally, a regular system of perpetual inventory is called for.

#### Conclusion

In the available space it has been possible to discuss no more than a few of the sources of difference and the method of treating them. But I hope it has been shown that all the differences do not necessarily emerge without some research by the accountant. What the accountant must do is to look at each source of debit to work-in-

progress account and ask himself: "Does this evaluation agree with the evaluation I have used to compute the cost of products?" If the answer is "no," one or other of the indicated corrective actions must be taken. The work-in-progress account will then read as shown on page 47.

It can be argued that if all the differences are written-off the values at which work-in-progress are held are artificial and out of date. Frequently, the argument is valid, but provided the differences are not great and the value at which work-in-progress is held cannot be rejected on the grounds of now being quite unrealistic, there is everything to be said for maintaining standards for as long as possible. Is this not one of the reasons for having standard costs? It should also be remembered that many of the differences are quite temporary and the standards in use are still the correct ones.

A trustee does not have to tell beneficiaries what are their legal rights. But he must give general information. In discussing this recent Court ruling and showing how far the trustee must go, our contributor also considers the severance of joint interests and the differences between the duties of a trustee and of an executor.

## Should a Trustee Tell?

by W. H. D. Winder, M.A., LL.M.

EVERY TRUSTEE KNOWS that he has a general duty to give to the beneficiaries information about the trust. But this duty is one of those general legal ones which are more easily accepted in principle than applied in practice. For example, the textbooks do not make clear whether the duty is to inform beneficiaries of their legal rights, as distinct from giving them general information from which they can themselves deduce what these rights are. Beneficiaries may need legal advice before they can fully appreciate these rights—but the trustees may fully understand them already. Should the trustees, then, give the beneficiaries legal advice, enabling them to understand what their legal position in relation to the trustees really is? Or have the trustees the more limited obligation of passing on legal opinions received in the administration of the trust?

Questions like these were considered by Mr. Justice Havers in the case of *Hawkesley v. May* (1955, 3 W.L.R. 569). The case sets some doubts at rest. Apparently, it may now be taken as a general proposition that trustees are under no obligation to inform beneficiaries of their legal rights, provided information is given and money is paid to those to whom it is due.

The trustees in the case held a settled fund upon trusts

under which the plaintiff and his sister, on attaining the age of twenty-one, became absolutely entitled as joint tenants. When the plaintiff came of age the trustees did not transfer to him his share of the capital or pay him the income from it, but retained the whole of the fund in their own hands and accumulated the income. They had been advised by their solicitor that until both joint tenants attained the age of twenty-one, or until severance of their interests in the fund, it was the duty of the trustees to retain the capital and re-invest the income. After the plaintiff's sister came of age she severed the joint tenancy and her share of the capital was transferred to her. But the trustees continued to hold the plaintiff's share of it and to accumulate the income until the following year, when the whole amount due to him was transferred to trustees of a voluntary settlement entered into by him. He was at all material times ignorant of his rights under the settlement and never demanded payment from the trustees of either capital or income. He brought an action at common law against the trustees and their solicitor for conspiracy, and against the trustees for breach of trust. Havers, J., held that the allegations of conspiracy had not been made out. He held, however, that there had been breaches of trust, although a claim in respect of them was

# PROVINCIAL

BUILDING SOCIETY  
ESTABLISHED 1849

**ASSETS OVER £63,000,000  
RESERVES OVER £4,000,000**

THREE INVESTMENT GROUPS

SUBSCRIPTION SHARES  
(FIXED REGULAR MONTHLY SAVINGS) **3½%**

PAID-UP SHARES **3%**

DEPOSIT ACCOUNTS **2½%**

INCOME TAX PAID BY THE SOCIETY

HEAD OFFICES  
EQUITABLE HOUSE MARKET STREET BRADFORD 1 Tel. 29331/2/3/4  
PROVINCIAL HOUSE ALBION STREET LEEDS 1 Tel. 29731/2/3  
London Office Astor House Aldwych W.C.2 Tel. Holborn 3681

*Forty-first Edition* —  
**GORE-BROWNE'S  
HANDBOOK  
ON THE  
FORMATION, MANAGEMENT  
AND  
WINDING UP  
OF  
JOINT STOCK COMPANIES**

BY  
Philip James Sykes, M.A., Barrister-at-Law  
L. J. Morris Smith, Barrister-at-Law  
Oliver Smith, Barrister-at-Law  
Stanley Borrie, Solicitor

*It is an authoritative work which covers its subject most satisfactorily and brings out quite a few points which other works omit.*—Solicitors' Journal.

63s. net (by post 65s.)

**JORDAN & SONS, LIMITED**  
Company Formation Agents and Printers  
116 CHANCERY LANE, W.C.2



Now that

... she has been promoted to an Imperial Standard '66', she notices that she gets through more work during the day and pulls the cover over her machine more punctually at the end. Very friendly machine, the Imperial '66'. To do a girl's work for her, neatly, quietly and tirelessly . . . that's true friendship.

And that's the Imperial '66'.

**Quick work—well done**

**Imperial**  
typewriters

IMPERIAL TYPEWRITER CO. LTD. LEICESTER AND HULL

**And this is our  
secret for BIG  
saving in the  
wages  
office**



Small wonder the Anson Payroll Machine is taking its place in the Wages Offices of more and more firms, large and small, throughout the country. Here is an accounts time-saver, simple and inexpensive, that cuts the time of unproductive P.A.Y.E. form-filling by two-thirds and the cost by at least half.

How? With the Anson, the numerous separate entries on Tax Cards, Payroll Summaries, Pay Statements and Receipts are all made in one operation. Exclusive automatic form alignment. Elimination of perforated thin strips. Also, the bogey of transcription errors is completely abolished. And no special training is required to operate the ANSON—anyone can learn to use it in a matter of minutes. Here is Automatic Accounting for the Wages Office *without* complicated machinery—faster, simpler, more accurate! Let us send you further particulars.



No. 1.  
The triple entry is  
made in one opera-  
tion; the lever de-  
pressed, and forms  
are re-set for next  
entry.



No. 2.  
As the forms are re-  
set the unperforated  
Wages Slip is auto-  
matically ejected  
for records or inclu-  
sion with pay.

**saves staff  
saves time  
saves money**

**ANSON**  
PAYROLL MACHINES

**NEW!**  
P.A.Y.E. Year  
end Return  
P.9., P.11, P.35 &  
P.60 COMPLETED  
IN ONE OPERATION

1956 ANSON ENQUIRY FORM GEORGE ANSON & CO. LTD.

Anson House, 58 Southwark Bridge Road, London, S.E.1.  
Tel: WATerloo 3746/9

Please send full details of the ANSON Payroll Machine without obligation.

NAME \_\_\_\_\_ TITLE \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

Approx. No. Employees \_\_\_\_\_

A



**ON SALE NOW**

**Eighth Edition**

# **'TAXATION' MANUAL**

**INCOME TAX AND  
SUR-TAX**

***Law and Practice***

**A completely revised edition  
written by barristers and  
experts of wide experience**

**Edited by  
RONALD STAPLES**

*Gummed amendment slips are sent to  
all purchasers as occasion arises, noting  
changes in law and practice.*

**PRICE 25/- NET  
25s 7d post free**

## **ORDER FORM**

TO TAXATION PUBLISHING COMPANY LIMITED  
98 Park Street, London, W1 \* MAYfair 7888

Please supply ..... copies of the EIGHTH EDITION  
of the 'TAXATION' MANUAL at 25s 7d post free.

Name and Address  
(BLOCK LETTERS PLEASE)

.....  
.....  
.....

Remittance £      s      d enclosed.

Accy. 2/56

Date ..... 1956

barred under the Limitation Act, 1939. Had it been necessary he would have relieved the trustees of liability under Section 61 of the Trustee Act, 1925, as they had acted honestly and reasonably: they ought fairly to be excused. General interest in the case is in the manner in which the trustees had failed in their duty.

#### Right of Beneficiaries to Sever Joint Interest

The joint tenancy could be severed by the plaintiff at the age of twenty-one. A joint tenancy may be severed in various ways.

The right of each joint tenant is by survivorship only, in the event of no severance having taken place of the share which the survivor claims. An act of any one of the persons interested operating upon his own share may create a severance of that share. Each joint tenant is at liberty to dispose of his own interest so as to sever it from the joint fund, losing his own right of survivorship. Further, a joint tenancy may be severed by mutual agreement. There may be severance, again, by any course of dealing sufficient to intimate that the interests of all were mutually treated as constituting a tenancy in common, as distinct from a joint tenancy. When the severance depends on an inference of this kind without any express act of severance, it will not suffice to rely on an intention, with respect to the particular share, declared only behind the backs of the other persons interested.

However, the joint tenancy of income from a joint fund may be severed as to each instalment as it becomes payable, without actual payment. *Walmsley v. Foxhall* (1870, 40 L.J.Ch. 28) is authority for this. In that case, the plaintiff was entitled to the income of his share of the fund on becoming twenty-one, even though he had not severed the fund. Several years later when his sister became twenty-one the trustees gave her information about the investments and she wrote to them: "Thank you for your letter of 17th instant with the particulars of the investments. I should like the dividends to be paid to my account at Martine's Bank," giving the address. This was a sufficient act on her part to constitute a severance of the joint tenancy.

#### Duty to Inform: Difference between Trustee and Executor

Well-known works of reference say that trustees should explain to beneficiaries what their rights are. *Halsbury's Law of England* (2nd edition, volume 33, page 229, paragraph 410) says in connection with the duties of a trustee to keep accounts: "He is also bound to allow a *cestui que trust* to inspect the trust accounts and all documents relating to the trust, and ought to explain to the *cestui que trust* what his rights are." The case of *Burrows v. Walls* (1885, 5 De G.M. & G. 233) is cited for this alleged rule. That case is also cited in *Godefroi on Trusts* (5th edition, page 527) where it is stated to be "incumbent upon trustees to acquaint persons who have just attained majority of their rights." There is, however, no firm authority for saying that the duty of a trustee extends to the giving of legal advice. In *Brittlebank v. Goodwin* (1868, 5 L.R.Eq. 545), another case which is also cited in the

textbooks, a Chancery Judge said with reference to a trustee of the fund that "another duty was to have informed the persons interested, when they attained 21, of the position of the fund and of their rights." Such a duty does not amount to an obligation on the trustee to advise.

Nevertheless, his duty is wider than that of an executor. An executor has no legal duty to give to a legatee notice of the terms of the legacy. This was decided by the Court of Appeal in *In re Lewis* (1904, 2 Ch. 656). It was a "very hard case," Lord Justice Vaughan Williams admitted, before adding that "one must not because it is a hard case lay down principles which are not in accordance with the law." A testatrix bequeathed a house to her son B., then abroad, and directed that if he did not return and claim it the house should go to her son A., who was appointed her executor. After the death of the testatrix, A. wrote to B. thus: "A house has been left you and according to the will it is to be in my hands until you claim it," but he did not inform him of the gift over. B. died abroad without having claimed the house. It was held that A. was not estopped by the letter from claiming under the gift over to him. He was under no duty to disclose the full terms of the legacy. A will, unlike a trust, is open to perusal by any person interested, for a copy can be consulted at Somerset House.

In the recent case, *Havers*, J., said that he saw no reason to extend this rule concerning executors, which had no attraction for him on the merits, to trustees. Although for many purposes the position of an executor and that of a trustee have been assimilated under the Law of Property Act, 1925, they are still not identical. And there is a distinction between a will which is, in a sense, a public document, and a trust deed, a private document to which the beneficiary has no access.

The trustees had a duty to inform the plaintiff on attaining twenty-one that he had an interest in the capital and income of the trust funds of the settlement. If they did not hand over the income to which he was entitled, their duty was to explain to him that he was entitled to call for it and have it paid to him. This alternative duty is recognised in *In re Emmet's Estate* (1881, 17 Ch. D. 142).

There was in that case a trust for a child until he came of age, with a provision that surplus income not applied for maintenance and education should accumulate and become part of the trust fund. The trustee retained the fund after the child came of age, without making any arrangement with him or giving him information. It was held that the trustee must be taken to have continued to hold the funds on the same trusts and with the same obligation to accumulate as before. This meant that he was liable to account for the fund with compound interest, not merely simple interest. The trustee was not allowed to say: "I am, now that the child has attained twenty-one, holding the fund on a different trust, which does not require any accumulation at all, but merely makes me liable for simple interest." Vice-Chancellor Hall said: "After a child attains twenty-one there is no duty undischarged, except to hand over to the child the fund with the accumulations. The trustee did not hand it over, nor did he explain to the child that he was entitled

to call for and have transferred to him the fund, with the accumulations upon it, in his hands."

#### No duty to give Legal Advice or to inform of particular Legal Rights

It was held in *Hawkesley v. May* that there was no duty on the trustees to give the plaintiff legal advice or to inform him of his right to sever. Authorities such as *Burrows v. Walls* (above) did not really mean that the trustees had to tell him of his particular right to sever the fund. These earlier authorities were concerned with cases in which the trustees had parted with the trust funds and the Courts were considering whether a beneficiary had precluded himself from his remedy against his trustees, by acquiescence or release. Different considerations apply if a Court is considering such problems. According to *Lewin on Trusts* (15th edition, page 769), "Acquiescence, release and confirmation, to have the effect we have mentioned, must be understood to be accompanied with the following conditions," and he adds, as regards infants, "the Court continues its protection even after they have attained twenty-one, till such time as they have acquired all proper information, and infants on coming of age must, in the case of a formal release being executed by them, where it is required have proper legal advice."

The trustees were bound to disclose on demand any document relating to the trust. Havers, J., thought they would have been bound to disclose Counsel's opinion, which had been taken at an earlier stage. That opinion was to the effect that a joint tenancy had been constituted.

But no demand was necessary before the obligation to pay income to the beneficiary, at the age of twenty-one, became operative. It had been argued for the trustees that a prior demand was essential, but it was held that the decision in *Low v. Bouvierie* (1891 3 Ch. 82) was to the contrary. There was also an obligation to pay the capital without demand, on both beneficiaries attaining twenty-one.

The distinction emerging from the recent ruling is the distinction between giving information on the scope of the trust and giving information on legal remedies or processes that would make effective the rights of the beneficiaries. The essential distinction brought out in the judgment is not quite thus—but it seems clearer to express it so. To say that trustees must give information about the trust, but need not give information about rights is not very helpful, for information about the trust inevitably includes some information about the rights held under it by the beneficiaries.

## Problems of Profit-Sharing

OUR PROFESSIONAL NOTE last month on the inquiry by the Liberal Party Organisation into co-ownership (page 5) has produced a number of requests from readers for the reproduction of the questionnaire prepared but, pending revision, not yet issued by the Organisation. Here it is, reproduced with the kind consent of the Liberal Party Organisation:

#### Co-ownership (Method)

(1) In order that an effective co-ownership scheme may be introduced, do you consider it necessary to assess the "net worth" of the business?

(2) (a) If the answer to question (1) above is in the affirmative, do you consider that the methods suggested in appendix one of the 1953 report of the co-ownership committee are practicable?

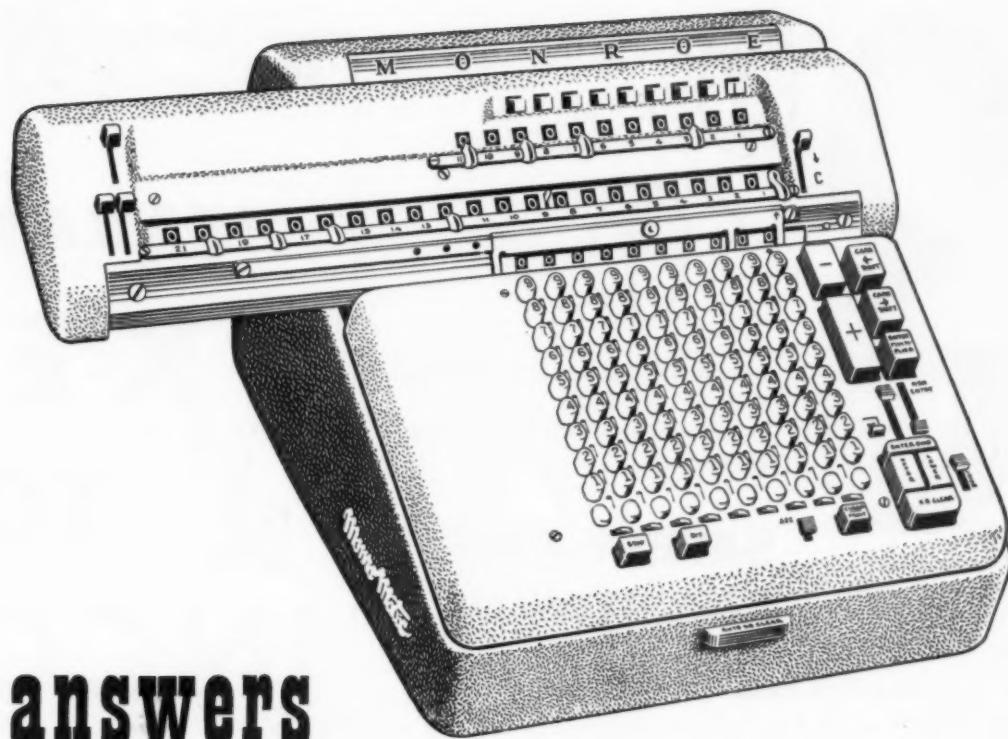
[It was suggested that on the appointed day the company should assess (i) its capital, by one of a number of specific methods, the method being chosen by the shareholders, and (ii) its standard profits. It should form (i) a fund of capital and reserves, Preference capital being segregated, and (ii) an employees' surplus fund to receive profits as under (d) below. Procedure was suggested for dealing with losses. Employees should be represented on the Board of directors. Voting by shareholders and employees

should be in proportion to their respective funds. Employees should be enabled to purchase the shares of the company on the open market, or by drawings at book values (allowing for reserves.)]

(b) If the answer to question (1) above is in the affirmative, do you consider that the methods suggested in appendix one (page 19) are just?

(c) If the answer to question (1) above is in the negative, have you alternative methods of valuation to suggest?

(d) Do you agree with the methods suggested in paragraph (3), page 8, of the 1953 report for computing "standard profits"? [It was there suggested that the equity shareholders should receive a proportion of net profits (after meeting all necessary charges, including debenture and loan interest) calculated, according to the gilt-edged rate, on the real value of their share of the capital and assets, but adjusted in the ratio that actual profits bear to standard profits. Any profits remaining would be credited to an employees' surplus fund. The directors, subject to approval of a general meeting, should decide what proportion of the surpluses accruing to the



# all the answers

Monroe's latest model — the streamlined and simplified 6N — brings all the advantages of fully automatic figuring within the reach of every business office. Fast, accurate and versatile, the new Monroe 6N provides just the right automatic features for the nature and volume of work required in the average business organisation. Here is a brilliant 'all-rounder' for general purpose figuring — a time and labour saving machine that makes the minimum demands on capital outlay and operational skill.



MONROMANTIC  
EQUATION No. 7

Miss Monroe's so smashing,  
So daring and dashing,  
You'd never believe she could tackle a sum!  
The true explanation's  
A simple equation . . .  
A Miss plus a Monroe's as cute as they come!

# Monroe

*Monroe Calculating Machine Company Limited,  
Bush House, Aldwych, London, W.C.2.  
Telephone : Covent Garden 0211*

# 3



**Income Tax paid by the Society.**  
Equivalent to £5.4.4 per cent to investors subject to the standard rate of income tax.

## SAFETY-FIRST INVESTMENT

### ★ Income Tax Paid

The interest rate of 3 per cent per annum on Share Accounts, income tax paid by the Society, represents a return on every £100 invested equivalent to £5.4.4 per cent to all investors subject to the standard rate of income tax. Ordinary Deposit Accounts earn 2½ per cent per annum, income tax paid, which is equivalent to £4.6.11 per cent where the standard rate of income tax is paid. Amounts up to £5,000 are accepted by the Society.

### ★ Interest Half-Yearly

Interest, which is paid half-yearly, commences from the day after the investment is received and continues to the date of withdrawal. Sums invested may be withdrawn at convenient notice.

### ★ Security of Capital

Abbey National is one of the largest and oldest established building societies in the country, with over £200,000,000 total assets — a token of the confidence of more than 500,000 investors.

*Ask today for details at your nearest Abbey National office, or write to the address below for the Society's Investment Booklet.*

## ABBEY NATIONAL BUILDING SOCIETY

A national institution with total assets of over £200,000,000

ABBEY HOUSE, BAKER ST., LONDON, N.W.1 Tel. WELLbeck 8282

Branch and other offices throughout the United Kingdom:  
see local telephone directory for address of nearest office

© 1955

10/- price net



post free 10/3

# 'TAXATION' KEY TO INCOME TAX AND SURTAX

EDITED BY RONALD STAPLES

CLEAR, CONCISE AND COMPLETE

## AUTOMATIC THUMB INDEX

*The Five Second Reference Book*

## FINANCE ACT, 1955 EDITION

To Taxation Publishing Company Limited  
98 Park Street, London, W1 ★ Mayfair 7888  
Send.....copies of 'KEY TO INCOME TAX' at 10/3  
Post free

Name and Address.....  
(BLOCK LETTERS PLEASE)

.....

Remittance £ ..... s ..... d enclosed. Date.....  
Accy 2/56

equity shareholders and the employees respectively should be distributed and what proportion should be retained.]

If so, do you agree that they form a suitable basis for the division of subsequent annual profits?

#### Share in Profits

(1) Does co-ownership involve employee participation in ploughed-back profits, as well as a share in distributed profits?

(2) Should such participation extend to reserves created in the past, or only to accumulations dating from the start of co-ownership?

(3) Is employee participation best achieved by:

(a) The employees owning, individually, Ordinary shares?

(b) The employees owning, individually, shares of a special class? If so, on what principles should the rights of such class be based?

(c) The establishment of a group fund or trust holding on behalf of all eligible employees, with certificates of title for each employee's share?

(4) On what basis, year by year, should the co-ownership shares (or fund) participate in profits, both distributed and retained?

*Note:* This involves fixing a percentage of participation, and a definition of "profit."

(5) What factors should govern the size of holding allotted to each employee, both at the start and annually thereafter?

(6) If there are likely to be sharp differences of interest between ordinary shareholders and the employee group as to what constitutes the available annual "profit," what new accounting and auditing safeguards are necessary?

(7) It is possible to visualise some companies creating Preference shares at a high rate of fixed dividend, in order to try to diminish the residue available to other shareholders, including employees. How should this problem be approached?

#### Equipment

(1) What effect will co-ownership schemes have on the ploughing back of profits for re-equipment of machinery?

#### Taxation

(1) Do you consider that a great extension of profit-sharing and co-ownership would enable the "social service taxation" level to be reduced?

(2) Any scheme for encouraging co-ownership through taxation reliefs would give certain benefits to those able

to participate in co-ownership. Are such taxation benefits inequitable? If so, does the inequity seem likely to outweigh the overall value to the community?

(3) What effect has an income tax deduction from a profit-sharing payment?

#### Reserves

(1) If capital reserves are created to meet anticipated future losses, how can these be split between shareholders and workers?

(2) Should such capital reserves be excluded from any such splitting?

(3) If reserves for developing are capitalised, should they be divided by issue of shares between shareholders and workers?

(4) If such reserves are divided, should the workers' portion be issued as individual shares to workers or as a total to a special workers' fund?

#### Appropriations

(1) On what basis should profits be shared?

e.g. (a) Declared dividends?

e.g. (b) Net profits?

(c) Any other basis?

#### New Capital

(1) What effect do you consider profit-sharing schemes are likely to have on the attraction of risk capital?

(2) What do you consider would be the effect of such schemes on the investment of private capital?

## Spoiling the Broth

By Frederick A. J. Couldery,  
A.C.A., A.A.C.C.A., A.C.C.S.

The characters and situation are entirely fictitious, existing only in the imagination of the contributor.

#### Memorandum attached to audit working papers by junior audit clerk

I have completed these draft accounts but I am not too clear about the matter of the lawsuit in Utopia. The Managing Director thinks the company will lose the case and that this will cost about £1,000. Should this be included in the accounts in some way?

#### Memorandum by senior audit clerk

I have discussed the matter of the Utopian litigation with the Managing Director. (See Audit Note No. 28.) As a result, I have included under "current liabilities" a provision for the anticipated loss of £1,000.

#### Memorandum by managing clerk

In my opinion, no liability can attach to the company until the litigation is settled. Accordingly, an amount set aside for such a matter cannot be a "provision" within the meaning of Clause 27 (1) (a), Eighth Schedule, Companies Act, 1948. For this reason, I

have amended the accounts. The sum in question is now shown as a "revenue reserve."

#### Memorandum by junior partner

Grouping the "reserve for Utopian litigation" with "revenue reserves" is clearly misleading. This sum is not available for distribution through the profit and loss account. I am tempted to term it a "capital reserve," but this would also be misleading. I am therefore showing it as an "amount set aside for Utopian litigation," which therefore places it below the shareholders' funds.

#### Memorandum by senior partner

I do not agree that the entry in connection with the Utopian litigation is necessary. The sum is barely material, but I have now made mention of the matter in the note on contingent liabilities. This is quite sufficient. I have therefore deleted the appropriation and amended the balance sheet accordingly. These accounts may now proceed for typing.

#### Memorandum to junior audit clerk from senior accounts typist

Bloggs. I have had occasion to complain previously about the standard of your work. It is causing a lot of extra work in this department. The attached accounts are almost illegible in places and the balance sheet does not balance, apparently because of the numerous alterations that have been made. Kindly represent tidier accounts for typing.

**TAXATION**

# The Trader as His Own Market

[CONTRIBUTED]

INCOME TAX HISTORY is made by the decision of the House of Lords in *Sharkey v. Wernher* (House of Lords, November 7, 1955, T.R. 277). The final victory of the Revenue, although not of such fiscal importance that it will affect Budgetary estimates, nevertheless extends the income tax conception of taxable profit over a very wide field.

The facts of the case (noted in our issue of January, 1954, page 27, and November, 1954, page 429) were few and simple. The issue of principle was made to stand out quite clearly in the Courts, with no attempt to "hedge" by reference to "special facts." During the year 1949/50 Lady Zia Wernher, the wife of Sir Harold Wernher, carried on a stud farm, which was conceded to be a taxable activity. An estimated assessment of £5,000 for its profits had been made upon her husband under Case I of Schedule D. In addition to the stud farm, she carried on other separate activities, and horses were trained at her racing stables, maintained for purely recreational purposes. There was no question of these separate activities giving rise to any tax liability. In the relevant year, five horses had been transferred from the farm to the racing stables, and the simple issue in the case was how these transfers were to be dealt with in the trading accounts of the stud farm—whether the values on transfer were to be the estimated cost of breeding the horses, or were to be their several estimated market values, these values being conceded to be largely in excess of estimated cost. The Crown claimed that valuation should be by estimated market values; whilst the respondent contended that by established income tax principles cost alone should be credited.

### Earlier Decisions

In *Dublin Corporation v. McAdam* (1887, 2 T.C. 387) the Special Commissioners had held that the Corporation was liable to pay income tax on the profit derived from supplying water beyond the city boundaries, and Chief Baron Palles, although approving their decision, in the course of his judgment laid down the well-known general proposition: "No man, in my opinion, can trade with himself; he cannot in my opinion, make, in what is its true sense or meaning, taxable profit by dealing with himself . . ."

In *Watson Bros. v. Hornby* (1942, 21 A.T.C. 279; 24 T.C. 506), the appellants carried on a business of poultry breeders and dealers and had a hatchery, the whole being conceded to be a business within Case I of Schedule D. They also carried on the business of farming, conceded to be a separate subject of charge for income tax and to be chargeable only under Schedule B by reference

to annual value unless one of the statutory rights to be assessed under Schedule D or to have the charge under Schedule B reduced to actual profits was exercised. Substantial numbers of day-old chicks were from time to time transferred from the hatchery to the farm and became part of the farm stock. This division of activities made it to the firm's advantage that the transfer price should be as low as possible and the simple issue in the case was whether that price should be the cost of 7d. per chick or market value, which was only 4d. The Revenue argued that the difference of 3d. per chick constituted an unrealised loss and one that could only be arrived at by treating the firm as "trading with themselves." The General Commissioners had found that actual cost was the correct basis; but Macnaghten, J., reversed their decision. Finding, strangely enough, guidance from the Sale of Goods Act, 1893, he held that the transfers had to be at the "reasonable price." Whilst "the cost of production of an article . . . might no doubt happen to be its reasonable price . . . the market price would as a general rule be the reasonable price." He found for the market price of 4d.

### The Present Case

In the present case, the Special Commissioners, holding that the *Watson Bros.* case was distinguishable in that there it was a case of two businesses, had found for the respondent; but, in the Courts, no importance was attached to this feature. On the case coming before Vaisey, J., it was argued that the *Watson Bros.* case was irreconcilable with two decisions of the Court of Appeal, *Laycock v. Freeman Hardy and Willis Ltd.* (1939, 17 A.T.C. 450; 22 T.C. 208), and *Briton Ferry Steel Co. Ltd. v. Barry* (1940, 18 A.T.C. 318; 23 T.C. 414), both cases where the question was whether there had been "successions" to trades. Vaisey, J., had reversed the Special Commissioners' decision, holding that he was bound to follow *Watson Bros.*, but also saying that he was by no means convinced that that case was wrongly decided. In the Court of Appeal, there was unanimity that, in view of the decisions of that Court itself in the cases of *Laycock* and *Briton Ferry Steel*, the *Watson Bros.* decision should be overruled and the decision of the Special Commissioners restored. The key to the Courts' view was to be found in certain *dicta* by Lord Greene, M.R. in the *Briton Ferry* case. To quote Evershed, M.R.: "That case states a principle which I think it is our duty to apply . . . we must bring or insert into the horse account a *real* figure and not an *unreal* figure."

In the House of Lords, the decision of Vaisey, J., was restored by a majority of four to one, Viscount Simonds, Lords Porter, Radcliffe and Tucker, with Lord Oaksey dissenting. Of the majority, only Viscount Simonds and Lord Radcliffe made speeches. Lord Porter said he agreed with both. Lord Tucker said he agreed with Lord Radcliffe, but did not state what reservations he had, if any, on the speech of Viscount Simonds, although it seems possible that he was not in full agreement with the initial approach to the problem outlined in that speech.

Viscount Simonds, after stating the facts of the case, said that it had proceeded on the footing that some figure for the transferred horses fell to be brought into the stud farm accounts, an admission which for several reasons he did not understand. Seeing, however, that in the end he held that the admission was rightly made, it does not seem necessary to go into his preliminary analysis, although some of his *dicta* were sufficiently emphatic. The attempt made to justify a receipt equal to cost by treating it as equal to expenditure which the event proved not to have been for the purpose of trade was, he said, "pure fiction." He saw no justification for an adjustment that added to a fictional receipt a false attribution of expenditure. Reviewing the *Watson Bros.* case and others where a notional receipt was a feature, he said that the principle implicit in the judgments was that something had to be brought in, and the question was how far that was supportable in law, seeing that it was obviously in conflict with the proposition, taken in its broadest sense, that a man could not trade with himself. It was, he held, a necessary qualification of the broad proposition. A trader's accounts could not properly be made up unless there was credited a receipt in respect of stock-in-trade diverted to his own use and enjoyment. His final conclusion was that the only logical way to treat it was to regard it as having been disposed of by way of trade. He saw no reason for using "any other sum than that which he would normally have received for it in the due course of trade, that is to say the market value."

Viscount Simonds in these words answered his own rhetorical questions to the effect that where: "a diamond merchant, neglecting profitable sales, uses his choicest jewels for the adornment of his wife, or a caterer provides lavish entertainment for a daughter's wedding breakfast" then "the jewels, the cakes and ale" are to be treated as disposed of for their market value.

Lord Radcliffe's speech was a closely reasoned and acute analysis of the problem. It was not, he said, confined to farming and, without evidence, the existence of any settled rule of "ordinary commercial accounting" was not to be assumed. It could, however, be said that prior to the Finance Act, 1941, profits from the occupation of land for husbandry were charged under Schedule B on an imputed profit irrespective of partial or total consumption of the produce by the occupier. The respondent's argument led to the odd result that the transfer to Schedule D in 1941 would give complete exemption to the occupier who supplied all his produce to himself; and he pointed out that even before 1941 the occupier of land "for the purposes of husbandry only" had statutory

options to be assessed under Schedule D or, on appeal, to have his Schedule B liability for any year reduced to the actual profits if less. He did not know, he said, what happened when an occupier came forward and showed little or no "actual" profit by reason of his taking most of his produce himself at cost but it made him suspicious of respondent's scheme of making out everything at cost.

#### Limits of the Mutual Trading Principle

Examining the importance of a general proposition such as that of Chief Baron Palles in *Dublin Corporation v. McAdams*, set out above, Lord Radcliffe showed by reference to later decisions that it might cover two separate questions, whether a man could trade or deal with himself and whether a man could make a taxable profit by doing so. In his opinion, the composite proposition that a man cannot make a taxable profit out of trading with himself was of unquestioned validity when applied to mutual insurance and certain public utilities financed by rates, the one line of cases stemming from *Styles v. New York Life Insurance Company* (1889, 14 App. Cas. 381; 2 T.C. 460), the other from *In re Glasgow Water Commissioners* (1875, 1 T.C. 28). When, however, they were asked to treat the proposition as providing a universal solution, it was, he said, necessary to remember that in those cases there was no question of amounts; the question was whether the surplus was a profit for income tax purposes. Here, they had to assume what those decisions in effect denied and he did not think that respondent's general proposition precluded the possibility that in certain situations a taxpayer should be treated as if he had dealt with himself upon commercial terms. He pointed out that there were cases where the tax code already achieved a fictitious separation, mentioning the instances of the owner-occupier of business premises under Rule 5 of Cases I and II of Schedule D, the foreign manufacturer or producer within Rule 12 of the General Rules, and the double taxation treaty arrangements. To any possible objection that those cases were all statutory, his reply was that it was a wrong approach to look only to judicial decisions for principles. They were dealing with a problem which must have arisen in "hundreds of thousands of cases under various forms" and there were, he said, traces that the Courts had not found the general proposition that a man could not trade with himself or make profit out of himself a satisfactory guide for all purposes.

Lord Radcliffe then reviewed *Watson Bros. v. Hornby, Back v. Daniels* (1925, 4 A.T.C. 73; 9 T.C. 183), *C.I.R. v. William Ransom & Sons Ltd.* (1918, 2 K.B. 709; 12 T.C. 21). These were all cases in which there was a notional separation of business activities; in the first of these cases it was explicitly decided that it might be necessary to treat a man who supplied himself in his trade as trading with himself on ordinary commercial terms. He then turned to the *Freeman Hardy and Willis* and *Briton Ferry Steel Co.* "succession" cases. When it had heard these cases, the Court of Appeal, as Lord Radcliffe said, had considered it was left no option but to decide for the respondent, but he did not regard them as having any true bearing upon

the present case. Dismissing the alleged distinction between "cost" as being real and "market value" as being unreal, he declared: "When transfer is in question, it is the current realisable value of what is transferred that presents itself as the natural figure to enter, rather than the historical record of what has been spent on it."

In a final summing up between the three bases, "nothing," "cost" and "market value," he held that the *Watson Bros.* decision was right and that its principle applied to: "all those cases in which the income tax system requires that part of a taxpayer's activities should be isolated and treated as a self-contained trade." It was, he said, not less "real" than cost, gave a fairer measure of trading profit as between one taxpayer and another, and seemed to him to be better economics.

### Summary

The speeches in the House of Lords, especially Lord Radcliffe's, will be carefully studied by all who are interested in the problem. It is too early to gauge the full consequences of the decision. One obvious result would seem to be that the substitution of "market value" for "cost," if cost has hitherto been adopted actually or theoretically, will increase the profit or reduce the loss, for income tax purposes, of the occupier of a "home" farm, the subsistence farmer consuming a considerable

part of his produce and, in particular, the smallholder. It may mean, factually, that, in the future as in the past, to quote Viscount Simonds, "an arbitrary or conventional sum is agreed," although in the future it may be upon a somewhat higher level. Inspectors, now dealing with great numbers of enquiries of fiscal importance, are not likely to spend too much time over cases—inevitably controversial—of the last two types.

It is important to note that the decision does not override the general proposition that a man cannot trade with himself so as to make a taxable profit. It establishes an exception only for the valuation of stock-in-trade by way of what Viscount Simonds called "a necessary qualification." This is illustrated in the example given by the same Judge of the caterer providing a lavish wedding breakfast for his daughter. He does not suggest that there should be credited in the caterer's accounts anything but the market value of the "cakes and ale" provided. Subject to this restriction, the decision in the case will affect, in theory at all events, every retailer and many others who take things from stock for gifts or their own consumption, although, frequently, a question may arise whether the wholesale or retail market price is appropriate. One thing suggesting itself is that if it is worth the trouble care will be taken to see that the object—for example, a motor car—has never formed part of the trading stock.

## Double Taxation Relief

Correspondence received about the note in our issue of November, 1955, (page 425), indicates that further discussion is needed.

Firstly, the revised working of the first illustration (see the note on page 466 of the issue of December, 1955) is as follows:

Total income ..	£ s. d.	£ s. d.
Less Personal allowance 120 0 0		
Earned income allowance 450 0 0		
	570 0 0	
	£4,230 0 0	
Income Tax on £400		£ s. d.
£3,830 at 9s.	102 10 0	
Sur-tax on £500 at 2s.	1,723 10 0	
£500 at 2s. 6d.	50 0 0	
£1,000 at 3s. 6d.	62 10 0	
£800 at 4s. 6d.	175 0 0	
	180 0 0	
	£2,293 10 0	

Appropriate rate  $\frac{2,293.5}{4,800} = 9s. 6\frac{1}{2}d.$  (approx.)

Therefore relief is at 6s. 3d.

Dividend declared ..	£ 225 0 0
Add: Tax at 6s. 3d. on gross equivalent: £225 $\times \frac{80}{55} =$ £327 5s. 5d. ..	102 5 5
Gross dividend	£327 5 5
£ s. d.	
Section 201 relief: $\frac{26}{100} \times £327 5s. 5d. at 9s.$	38 5 9
Unilateral relief ..	102 5 5
	£140 11 2
Over-riding maximum: £327 5s. 5d. at 9s. 6½d. = ..	156 2 8
Refund due: Tax at 9s. on gross dividend of £327 5s. 5d.	£ s. d.
Total reliefs ..	147 5 5
	140 11 2
Tax deducted at source: £225 at 9s.	6 14 3
Repayment due	101 5 0
	£94 10 9

Sur-tax is payable on £327 5s. 5d., not £225.

Secondly, a more detailed explanation may be given of the relief

under Section 201. This relief is obtained if a dividend is received from a foreign company out of profits, part of which have borne United Kingdom income tax.

*Illustration 1.* A foreign company had the following profits: from trading in the United Kingdom (U.K.) £10,000, and from trading abroad £43,000. It paid annual interest of £2,000 in the U.K. and of £3,000 abroad.

The fraction of the total profits on which U.K. tax has been borne is:

$$\frac{10,000 - 2,000}{53,000 - 5,000} = \frac{8}{48} \text{ or } \frac{1}{6}$$

If the payment of a dividend is made through a paying agent, the latter will deduct U.K. tax on 5/6ths of the dividend only; the other 1/6th has already suffered U.K. tax. It may be that the rate is not known in time, and in that event the paying agent will deduct U.K. tax from the whole dividend and the tax on 1/6th will be dealt with in a repayment claim. If the dividends are paid direct from abroad, the relief will be given in the Case V assessment.

It is important to note that the



## YOUR INTEREST ASSURED

**6%**

Minimum Deposit £100

### DEPOSIT ACCOUNTS

with

## LOMBARD BANKING

PROVIDE support for Maximum Productivity,  
Exports, Full Employment and Higher Standards  
of Living.

**SAFE KEEPING** — Funds are secured by  
Capital Goods—Plant, Machinery, Equipment,  
Vehicles etc.

Send today for "Deposit Account" booklet No. 103 to General Manager

**LOMBARD BANKING LIMITED**  
BANKERS

*Head Office:* LOMBARD HOUSE, 5 ALDFORD STREET,  
PARK LANE, LONDON, W.1  
GRO 6211 (30 lines)

*Branches and Agents throughout the World*

*Two important new editions by H. A. R. J. WILSON, F.C.A., F.S.A.A.*

## The Principles of Executorship Accounts

A reliable guide to the law of wills, intestacy, estate duty and the administration of estates of deceased persons.  
*Price 15s, Post Free 16s*

## Income Tax Principles

'Refined, refreshing and readable.' *Accountancy*.

'It can be recommended equally as a manual for students and a work of reference for accountants in practice.' *The Accountant*.  
*Price 12s 6d, Post Free U.K. 13s 6d*

*Just published*

H.F.L. (PUBLISHERS) LTD., 66 CHANDOS PLACE, WC2

### An excellent agency offer to professional men

#### BELMONT FINANCE CORPORATION LTD.

##### BANKERS

Registered Office: 22 Queen Street, London, E.C.4  
Branches in the principal cities of the U.K.

Professional Men are invited to apply for Agencies of our Banking Department. The remuneration is not solely an introductory fee, but continues as long as the client's account is with the Belmont Finance Corporation Ltd.

There is no limit to the amount of Capital which the Corporation can accept. Interest 7% per annum.

The strength of the security offered by the Corporation lies in the following factors:—

1. There are no debentures, and it is not proposed to place anything in priority to the Depositors' security.
2. The ratio of paid-up Capital and Reserves to the total of Deposit and other accounts was approximately 20% at the end of April, 1955.
3. Total Assets £500,000 0s. Od.

A copy of the Accounts can be obtained on application.

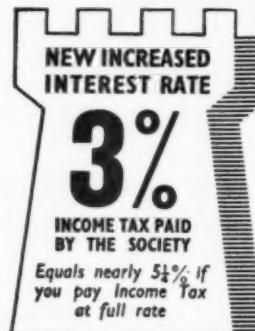
Place your clients' savings on deposit with the

#### BELMONT FINANCE CORPORATION LTD.

Today's Finest Investment

Send for Brochure to The Secretary, Belmont Finance Corporation Ltd., Belmont House, Westcote Road, Reading

## The Pounds, Shillings and SENSE of saving



This large century old Building Society offers to you and your clients an opportunity to save small or large amounts (£1 to £5,000) with no risk of depreciation, yielding a safe yet increased rate of interest without income tax complications.

Savings may be paid into any of the Society's Branches or Agencies or to any Branch of the National Provincial Bank Ltd.

There are no stamp duties, commissions or incidental charges and savings can easily be withdrawn.

Assets £26,000,000

Reserves £1,100,000

*There is no better Building Society*

## NORTHAMPTON Town & County BUILDING SOCIETY

Established 1848

Head Office:  
ABINGTON STREET, NORTHAMPTON. Telephone 2136 (5 lines)

London Office:  
107 KINGSWAY, LONDON, W.C.2. Telephone CHAncery 8392/3/4

whole dividend has suffered U.K. tax, 1/6th in the hands of the company, the remainder by deduction or direct assessment.

The whole dividend is included in the recipient's total income and is liable to surtax where relevant.

If double taxation relief is involved, therefore, the tax credit is allowed to the full extent of the foreign tax on the dividend, but the tax credit plus the Section 201 relief cannot exceed tax on the dividend at the taxpayer's effective rate of tax, since that is all that he has paid in the United Kingdom. Our Treasury will not repay to him tax he has not paid to it directly or by deduction.

*Illustration 2.* A taxpayer received a dividend from the above company through a paying agent, of £600 less tax at 8s. 6d. in the £, as the agent did not know the reliefs applicable.

Subsequently, the taxpayer is notified by the company that its rate of foreign tax is 8s. in the £ and that one-sixth of the dividend is relieved under Section 201.

The taxpayer can now calculate the tax suffered:

	£ s. d.
Dividend paid by company .. ..	600 0 0
Add for foreign tax: $\frac{8}{12} \times £600$ .. ..	400 0 0
Amount of company's profits (before tax) used to pay dividend .. ..	<u>£1,000 0 0</u>

Provided his personal effective rate is adequate, the taxpayer (the shareholder) is therefore entitled in the U.K. to a tax credit for foreign tax of £400 and to a repayment of 1/6th of £1,000 at 8s. 6d. = £70 16s. 8d. under Section 201, subject to an adjustment because he has so far paid U.K. tax only on £600. For example, if his personal rate is 10s., the overriding maximum relief is £1,000 at 10s. = £500.

	£ s. d.
Total reliefs available .. ..	470 16 8
Tax liability (ignoring surtax):	
£1,000 at 8s. 6d. = 425 0 0	
Tax deducted: £600 at 8s. 6d. = 255 0 0	
	<u>170 0 0</u>
Net repayment	<u>£300 16 8</u>

Surtax is chargeable on £1,000.

Had his effective rate been 7s. 6d., however, his total relief could not exceed tax on the foreign income at that rate; the excess tax can then be deducted from his foreign income in order to find the income chargeable in the U.K. Effect is given to this

deduction by grossing the dividend at that rate. Thus:

	£ s. d.
Dividend declared .. ..	600
Income tax at 8s. 6d. .. ..	255
Net dividend received .. ..	<u>£345</u>
Dividend declared .. ..	600 0 0
Add for foreign tax: $\frac{7\frac{1}{2}}{12} \times £600 =$ .. ..	360 0 0
	<u>£960 0 0</u>
Total relief cannot exceed £360 0 0	

	£ s. d.
Section 201 relief: £960 $\times 1/6$ th at 8s. 6d. =	68 0 0
Tax credit: £960 at 7s. 6d. = .. ..	360
Less Section 201 relief .. ..	68
	<u>292 0 0</u>
Maximum relief	<u>£360 0 0</u>
Tax liability: £960 at 8s. 6d. =	408
Less deducted at source .. ..	255
	<u>153 0</u>
Net repayment	<u>£207 0</u>
Proof: True gross dividend as in (2) .. ..	1 000 0 0
Deduct Unrelieved foreign tax: £400 - £360 .. ..	40 0 0
Amended gross as above	<u>£960 0 0</u>

## Taxation Notes

### The Finance (No. 2) Act, 1955

While the Autumn Finance Bill had a somewhat stormy passage through the Commons, the wind blew chiefly on the purchase tax provisions. Amendments made in other provisions were mainly textual to remove drafting faults. In the anti-“dividend-stripping” clauses, amendments were introduced to make sure that the Act does not interfere with “perfectly legitimate transactions,” for example, where an issuing house buys shares for a public issue. In the underwriters’ special fund provisions an amendment ensures that the time limit for assessment on personal representatives of a deceased person is not increased.

### Profits Tax—Increased Dividends

#### After October 26, 1955

As is usual when profits tax is increased, the Finance (No. 2) Act, 1955, contains the necessary provisions to prevent avoidance of the increase by the declaration of dividends on or after October 26, 1955 (the date the increased profits tax was announced) for an accounting period beginning before November 1, 1955.

The dividend declared is to be compared with the “governing total,” which is the total of the dividends “assignable” to the immediately preceding accounting period.

A dividend is “assignable” to an accounting period if expressed to be

paid in respect of it, except that a dividend declared after October 25, 1955, expressed to be paid in respect of an accounting period earlier than that ending with or last before the end of that month, or in respect of part of that accounting period, is assignable to the accounting period in which it is paid (as is a dividend not expressed to be paid for any period).

If the total of the dividends assignable to an accounting period beginning before November 1, 1955, exceed the governing total, any such dividend declared after October 25, 1955, is to the extent of the excess to be included in the gross relevant distributions for the chargeable accounting period beginning on November 1, 1955, or that in which they are paid, whichever is the later, and ignored in earlier periods.

Where the share capital on which the dividend is paid has been increased, the company can have the comparison made with a dividend on the same amount of capital. An increase of capital by reason of a bonus out of profits available for dividend is ignored for this purpose. If the accounting periods differ in length, due adjustment is necessary to compare like with like.

A dividend is regarded as “paid” for this purpose on the date of declaration in general meeting; if not so declared, the date of actual payment.

But if the dividend declared has been publicly announced by the directors at an earlier date, that is the date it is regarded as "paid."

**Illustration 1.** A company makes up its account to December 31. The dividend for 1954 was £9,600 (gross) on a capital of £120,000. On October 27, 1955, the directors announced an interim dividend on account of 1955 of 10 per cent. on the increased capital of £150,000. The additional capital came from an issue for cash.

If no final dividend is subsequently declared, the company, but for the provisions already described, would have gross relevant distributions:

Chargeable accounting period (C.A.P.):	
1.1.55 to 31.10.55 .. .	£12,500
1.1.55 to 31.12.55 .. .	£2,500
The restrictions work as follows:	
Governing total:	
Dividend paid re 1954 adjusted for increased capital £9,600 × $\frac{15}{12}$ =	£12,000
Dividend .. .	15,000
Excess .. .	£3,000
Gross relevant distributions:	
C.A.P. 1.1.55 to 31.10.55	
$\frac{10}{12} \times £12,000 =$ .. .	£10,000
1.1.55 to 31.12.55	
$\frac{2}{12} \times £12,000 + £3,000 =$ .. .	5,000

If a final dividend is paid, it will be treated as a gross relevant distribution of the C.A.P. in which it is paid.

Had the additional £30,000 capital come from a bonus issue, the governing total would have been £9,600.

**Illustration 2.** A company making up accounts to June 30, declared a dividend after October 25, 1955, for the year to June 30, 1955. The governing total will be that for the C.A.P. July 1, 1953, to June 30, 1954. Any excess will be regarded as a gross relevant distribution of the C.A.P. in which it was paid. The governing total to June 30, 1954, will also apply to dividends declared after October 25, 1955, referring to the year to June 30, 1956.

#### Rates of Profits Tax

As the Chancellor of the Exchequer found it necessary to remind the House of Commons in Committee on the Finance Bill (now the Finance (No. 2) Act, 1955), it is necessary to take the income tax position into account when comparing the profits tax rates over the years. Until the end of the calendar year 1951, profits tax was allowed as a deduction in computing income tax profits. After that year it ceased to be deductible.

The combined taxes on distributed and undistributed profits have been:

Distributed Profits	Profits Tax less Income Tax (per cent.)	Income Tax Total (per cent.)
1/1/47—30/9/49	13½	58½
1/10/49—31/12/50	16½ or 15½*	61½ or 63½
1/1/51—31/12/51	26½	73½
1/1/52—31/10/55	22½	67½ or 42½†
1/11/55—	27½	70 or 42½†

\*1951/52 Income tax rate.  
†1955/56 Income tax rate.  
\*See notes to previous table.

In all the above tables, naturally it has not been thought necessary to deal with accounting periods that overlap a date on which the profits tax rate changes.

The rates are misleading to the extent that it is not possible to distribute the whole profits.

Thus a dividend paid out of profits of £50,000 of the year 1952, to exhaust 70 per cent. (gross) of the profits would result in the following figures:

Income tax	45 %
Profits tax (see below)	16½ %
Net dividend (see below)	38½ %
	100 %
Profits Dividend	£ 50,000 at 22½ %
	35,000
Non-distribution relief	£ 15,000 at 20 %
	3,000
On £50,000 this is 16½ %.	
Dividend	£ 35,000
Less Income tax at 9s.	15,750
	£ 19,250 which is 38½ % on £50,000.

This means that all the profits are paid away, yet there is a contingent liability for a distribution charge of £3,000 (which would be 6 per cent. on £50,000) in the future if, say, a capital profit is distributed. The total taxation might therefore amount to  $45 + 16\frac{1}{2} + 6 = 67\frac{1}{2}$  per cent.

With the new rate of profits tax and with income tax at 8s. 6d. in the £ the figures become:

Maximum division 66½ % (gross) of the profits.	£
Profits	100,000 at 27½ % = 27,500
Dividend	66,667
Non-distribution relief	£ 33,333 at 25 % = 8,333
	5 0
Say	£ 19,167
Income tax	42,500
Net dividend	38,333
	£ 100,000
Total Tax	£ 61,667 or 61½ %.

There is a contingent liability for a further 8½ per cent. distribution charge.

Whereas with the previous rate of profits tax and income tax at 9s. in the £, the maximum net dividend was 38½ per cent. of the profits, with the new rate of profits tax and income tax at 8s. 6d. the maximum is 38½. The contingent liability for a distribution charge is increased from 6 per cent. to 8½ per cent. of the total profit. The amount of profits required to pay a dividend is the gross dividend plus half as much again.

#### Taxation of United Kingdom Oversea Mining Companies

In his speech at the annual general meeting of the British Overseas Mining Association, Mr. J. Ivan Spens, the President, referred to the Association's letter to the Chancellor of the Exchequer in January, 1955, suggesting tax reforms to give assistance to the industry, and to the report of the Royal Commission. The Association, he said, was disappointed that the report failed to recommend any specific solution of the more important problems peculiar to the oversea mining industry; regretted the outright rejection of the claim for a percentage depletion allowance similar to those given in Canada, the United States, Rhodesia and Australia; and was sorry that the Commission could not accept its plea for more elastic treatment of depreciation allowances. It was also unfortunate that the report failed to recommend a broadening of the double taxation relief system for special types of oversea taxes. The recommendation of the Commission that "oversea trade corporations" should be exempted from United Kingdom tax on undistributed profits went some way towards meeting the Association's claims. The success of this innovation would be more certain if accompanied by other tax reforms on the lines put to the Royal Commission by the Association.

Our comment on the speech is necessarily that while we sympathise with the Association's claims, and agree that new enterprises for operation overseas are unlikely to be set up in the United Kingdom under present

tax laws, we think that the general interest of the country as a whole makes it desirable that the first reforms to be tackled are those applying to the greatest number, rather than to sectional industries.

#### Stock Valuation

In a recent Privy Council case, the "last in, first out" (L.I.F.O.) method of valuing stock was rejected for Canadian tax purposes (*Anaconda American Bass Ltd. v. Minister of National Revenue* (Canada L.R. 1952, Ex. C.R. 297)). This decision reversed that of the Canadian Court of Exchequer affirmed by a majority of the Supreme Court of Canada.

The company is a wholly owned subsidiary of a United States company. In an Excess Profits Tax assessment for 1947, the computation included stock on the "first in, first out" basis (F.I.F.O.), whereas the company (for the first time) contended that L.I.F.O. should be applied. (The parties agreed that the Excess Profits Tax treatment should be binding for income tax as well.) The difference in assessable profits on the L.I.F.O. basis compared with the F.I.F.O. basis had previously been small, but the removal of controls made a difference of over \$1,600,000 in taxable income in 1947. In his judgment, Viscount Simonds pointed out that in applying L.I.F.O., the actual physical flow of raw materials was regarded as irrelevant. Stock used might be old or new; it was the cost per pound of the metal most recently bought that was charged against the next sale of processed metal products (so leaving the stock valued at the cost of the metal bought earliest).

The Minister of National Revenue adopted the F.I.F.O. method, whereby the stock in hand was valued at the value of that most recently bought. It was a principle of income tax law founded on commercial accounting practice to value stock at each end of an accounting period at cost or market value whichever was the lower. The company argued that accepted accounting practice recognised the L.I.F.O. method.

His Lordship pointed out that businessmen had to have regard not

only to the fiscal year in point; prudence might dictate the creation of a hidden reserve for use in future years. The Income Tax Act was concerned with one year; the company might not exist a year or two later. It was not legitimate to regard the closing stock as an unabsorbed residue of cost: it was rather a concrete stock awaiting processing, the cost of which could be ascertained. L.I.F.O. was a deliberate disregard of facts that could be ascertained.

While L.I.F.O. was permitted by the United States Revenue, it was subjected to conditions. The differences in the Revenue laws did not permit too much weight being given to the attempt to do in Canada without legislation what the United States permitted with statutory safeguards. New theories of accounting did not determine income tax income.

The case is interesting in its bearing on the majority report of the Royal Commission, which recommends the recognition of methods other than F.I.F.O. as a basis of valuation.

Like the decision of the Court of Appeal in the *Broadstone Mills v. Patrick* case (35 T.C. 44), which rejected the base stock method of valuation for tax purposes, the decision of the Privy Council in this case emphasises the view of the Courts that a basis unobjectionable for other commercial purposes may not be the proper one for an annual tax.

The argument on what is "market value" has yet to be determined!

#### Underwriters

The Finance (No. 2) Act, 1955, in increasing the limits on the amounts that an underwriter may put aside to his special reserve fund to £7,000 or 50 per cent. of the profits (less grossed profits tax thereon), whichever is the smaller amount, has complicated the sur-tax position. Sums put to reserve up to the previous limits (of £5,000 or 35 per cent.) will remain free from sur-tax on the death of the underwriter, and the excess put to reserve under the new limits will then be liable. The underlying idea is that without such a restriction the underwriter would be out of scale with the retention of profits usually possible through the medium of a company.

The part of the fund so liable to surtax on the death is to be found in the following way (based on the explanation given by the Financial Secretary to the Treasury). Take *a* as representing the amount which could have been put into reserve by an underwriter under the limit in force prior to 1955/56 and *b* the additional amount under the new limit. In year 1 he puts to reserve *a* + *b*, in year 2, *a* + *b*, and so on. In the sixth year he makes a loss. This will be set against all the "*a*" amounts before touching the "*b*" ones. If it is necessary to touch "*b*" amounts, the latest in time are taken first, working backwards.

#### Subvention Payments

In a Parliamentary reply, the Chancellor of the Exchequer stated that the agreement to make a subvention payment need not be in any specified form. There must, however, be an agreement providing for the paying company to bear or share in losses or a particular loss of the payee company. The payment must accordingly be made in pursuance of a contract, as distinct from being a mere uncovenanted gift.

#### Pre-digested Tax Cases

In 1947, Lord Broughshane, the then chairman of the Income Tax Payers' Society, presented to members an *Index and Digest of Tax Cases* prepared by the Society's taxation experts. It covered a period of thirteen years from 1933 and was followed by a first supplement bringing the record of cases up to 1950.

A second supplement has now been issued "for circulation to members only." In seventy-two pages of the same size as those of this journal, it summarises the judgments in over 200 cases decided between 1950 and August, 1955. The judgments are claimed to be "phrased in non-technical language, which will be readily understood"—a bold claim to make in any matter concerned with the taxing Acts. Most of the reports do in fact strike an admirable balance between the short headnotes and the full reports which are the normal sources of reference for those interested in the subject professionally.

## Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

### Income Tax

*Appeal—Estimated additional assessments—Application for adjournment of appeal—Refusal by Commissioners—Confirmation of assessments.*

**Kilburn v. Bedford** (Ch. October 14, 1955, T.R. 245) arose out of circumstances very common in these days. Appellant was a hairdresser, and the Inspector had discovered that in 1947 he had suddenly become richer to the extent of £10,000. On the view that this accretion arose from the business, additional assessments had been made for the years from 1944 to 1948. Notice of appeal having been given, he had been notified in March, 1954, that the hearing would be in May, 1954; but the formal notice had not been issued until April 4, so that he had a month's notice. At the appeal, he was represented by the accountant who kept his books, who apparently did not feel it his duty to act as advocate. Still, at the end he did ask the General Commissioners for an adjournment to enable further witnesses to be called. It seems, however, that he did not say what were these witnesses and the application was refused. The Commissioners' finding was that they were not satisfied that the additional "earnings"—the word used in the judgment—did not arise from taxable sources and they, therefore, confirmed the assessments. Harman, J., affirmed their decision.

Counsel for the appellant, basing his contentions upon *Rex v. Special Commissioners, ex parte Elmhirst* (1936, 14 A.T.C. 509; 20 T.C. 381) and *C.I.R. v. Sneath* (1932, 11 A.T.C. 53; 17 T.C. 149), submitted that it was the duty of the Commissioners to enquire and to continue to enquire at the appeal to try to ascertain the truth of the matter, and that there was enough to make it proper for them to make further enquiries. The following passage from the judgment, however, is revealing:

The business was sold for a very small sum, representing, it is said, not more than a year's purchase of the profits. . . . It does not look as though it was a very real sale. The instalments were very small, in fact, and we know that the sale was revoked and the business retaken by the appellant two years later.

Answering his own question whether, although the appellant had had two months in which to shift the burden of proof, the Commissioners should have told him to go away and have some more time to try, he said that there was no such duty upon them. Appellant, he said, had made no serious attempt to prove his allegation of betting winnings, whilst other statements by him were quite unreliable. In the circumstances, the Commissioners seemed to have had enough, and in his opinion were right to refuse any adjournment.

### Income Tax

*Repayment claims—Payments under covenant for benefit of grandchildren—Only one child during covenant period—No appropriation to child—Whether covenanted sums income of child for years when no appropriation—Income Tax Act, Section 28—Trustee Act, 1925, Section 31.*

**Cornwell v. Barry** (Ch. October 21, 1955, T.R. 255) arose out of a deed of covenant made by Frank Oliver Wills upon December 6, 1946, for the benefit of his grandson Michael Wills, born shortly before the execution of the deed. The settlor covenanted that for eight years or during his life, whichever was the shorter period, he would pay to the trustee of the settlement a net sum of £150 per annum. Under Clause 2 of the deed:

The trustee shall stand possessed of the moneys . . . as and when received by him upon trust for all or any one or more of the children now living or born during the said period of the son for their his or her absolute use and benefit in such shares if more than one and in such manner as the trustee with the consent in writing of the son during his life shall think fit and if the son shall die during the said period as the trustee in his absolute discretion shall think fit.

Under Clause 3, the moneys in question were to be applied for "the maintenance education and benefit of such child." By Clause 4, Section 31 of the Trustee Act, 1925, was to apply to appropriated moneys.

The trustee had made claims under

Section 28 of the Income Tax Act, 1918, for the years 1947, 1948 and 1949 upon the footing that the income of the trust was the child's income. No other child was born during the eight years period; but there had been no appropriation of moneys for the benefit of the child. The Special Commissioners had rejected the claims by the trustee and Harman, J., upheld their decision, although "not quite on the grounds which they relied upon." (These grounds are not stated in the judgment.)

Counsel for the trustee argued that so long as there was only one child he was entitled to the whole income as and when received, and that it was indefeasibly his. Harman, J., declared that this was an entirely mistaken view of the wording of Clause 2, and that:

The trustee is to look not only at the child in existence but any child who may come into existence and during the eight years he is not bound, as I see it, to make any application of the money at all. He would if he were a reasonable man, but he is not bound to.

Consequently, he said, he has the eight years to make up his mind; and, although he thought that the infant Michael had a vested interest, it was one which was liable to be divested if another object of the trust came into existence during the eight years period. At the close of his judgment, he expressed the view that it would not be necessary:

if there were once an appropriation, for the money to be applied for a child to make a good claim to relief; in other words, the power in clause 2 must be exercised, though not the power in clause 3. That the Crown now concedes, though I do not think it did earlier.

As the judgment would seem to be important within a limited field, it has been considered desirable to give *verbatim* some of the salient passages.

### Income Tax

*Trade—Mining finance company—Dealing in stocks and shares—Agency and secretarial services for other mining companies—Large shareholding in a company—Agreement for sale of shareholding—Condition of sale that compensation be paid for termination of services—Whether compensation a trading receipt.*

**The Anglo-French Exploration Company Ltd. v. Clayson** (Ch. November 23, 1955, T.R. 291) was apparently of the same genus as *Wiseburgh v. Domville* (see Tax Cases—Advance Notes in our December issue, page 472), and had been

# The School of Accountancy

## Highly Successful Courses

- ★ **FOR ARTICLED CLERKS**—Sound, authoritative, complete Courses for the Institute, Society and Association Examinations.
- ★ **FOR AUDIT CLERKS**—The famous "Safe Pass" Courses for S.A.A. and A.C.C.A.
- ★ **FOR QUALIFIED MEN**—I.C.W.A. Courses with concessions; and Training for Management.
- ★ **FOR CAREERS IN INDUSTRY**—Incomparable I.C.W.A. Courses.
- ★ **FOR JUNIORS**—Carefully graduated Courses in Book-keeping, Auditing and all Commercial subjects. Specialised Courses for the Prelims.

*Post coupon, or write, to*

### THE SCHOOL OF ACCOUNTANCY

105 Regent House,  
6 Norfolk St., Strand,  
London, W.C.2

45 years of Successful  
Educational Service

105 Regent House,  
2 West Regent Street,  
Glasgow, C.2

### POST THIS COUPON TODAY

Please send me a copy of your Prospectus. I am interested in the Examinations of the Institute/Society/Association\*

Name.....

Address.....

\*If you are interested in other Examinations, or in non-examination tuition, please add details. 105

### THE SCOPE FOR ELECTRONIC COMPUTORS IN THE OFFICE

"... a comprehensive and objective survey of the application of electronics to office processes, free from personal prejudices, hobby-horses, inexpert experts and sales pressure."—ACCOUNTANCY.

"... this well-produced volume."—THE MANAGER.

"... a very helpful survey for any executive considering the introduction of a computer in his office."—SCOPE.

"... these papers are above all interesting for the clear light of experience which they throw on such vital matters as cost, reliability and the cash savings obtainable."—THE COST ACCOUNTANT.

"This well-produced book."—STORE (Stores and Shops Merchandising Magazine).

"This book is essential reading for those contemplating the use of electronics in the office."—BIM LIBRARY BULLETIN.

Foreword by the  
EARL OF HALSBURY  
F.R.I.C., F.Inst.P.

Eleven manufacturers of electronic computers explain the application of their equipment to clerical procedures. Examples are given of installations in this country and the U.S.A.

#### ILLUSTRATED

PRICE  
**15s.**  
(POST FREE)

Obtainable from:

**OFFICE  
MANAGEMENT  
ASSOCIATION**  
(PUBLICATIONS DEPARTMENT)

58 VICTORIA STREET  
LONDON, S.W.1

Telephone: Victoria 3216

Fifteen year pension,  
tax free under present law

+

A lump sum

+

Payment of any bonuses attaching

Are you interested?

. . . then obtain a copy of a leaflet which explains how the "N.P.I." POLICY can be of benefit to you from:—

### NATIONAL PROVIDENT INSTITUTION

FOR MUTUAL LIFE ASSURANCE

— Established 1835 —

48 GRACECHURCH STREET, LONDON, E.C.3

Telephone: MANSion House 1481

*For MUTUAL satisfaction*



## Aunt Clara wanted Advice . . .

When that unexpected legacy of £300 dropped into her lap Aunt Clara was in a flutter. She knew, of course, that sums of that kind should be invested—it wasn't right to leave them lying idle. But investing is a difficult business unless you know all about these things . . . and, above all, the money must be safe.

Thanks to practical hard headed advice from Mr. Hill, the solicitor, Aunt Clara's money is

safely invested with the Co-operative Permanent. What could be better in all such circumstances? The capital is safe beyond doubt and interest is paid regularly at 3%. There is no complication about income tax because the Society pays it. And should withdrawal prove necessary, the money is forthcoming at very short notice indeed.

Professional men everywhere are frequently asked for advice on investment and the services of this Society usually meet all requirements. You will find it useful to have the details ready to hand. May we send them to you?



### CO-OPERATIVE PERMANENT

BUILDING SOCIETY

NEW OXFORD HOUSE, LONDON, W.C.1.

CITY OFFICE: 163 MOORGATE, LONDON, E.C.2.

ESTABLISHED 1884

ASSETS EXCEED £123,000,000

• 90 BRANCHES

argued by counsel on both sides on that footing. The appellant company was a well-known South African mining finance house which, like others of its kind, not only dealt in stocks and shares but amongst other activities also performed agency and secretarial services for other companies. In some of these it held shares. It had a large holding of shares in a certain company and together with the trustees of the estate of the late Sir George Farrar, a friendly holder, held a majority of the shares and was able to nominate the Board of directors. Appellant had a contract to act as secretary and was secure so long as the majority existed. If, however, either of the two shareholders disposed of his holding then, following the loss of control, the appellant's services contract was only worth six months' purchase.

Another company wished to purchase the shares of the company in question; but the appellant refused to sell except upon the terms that in addition to the purchase price for its shares it should receive £20,000 as "compensation for loss of office." A proportion of this sum was, however, paid not to the appellant but to the Farrar estate, and Harman, J., said that this alone made it clear that it was not compensation for loss of office, because the latter had no part in that office. Part of the consideration for the sale was the resignation of the four nominee directors of the two large shareholders; and an agreed part of the £20,000 was paid to another director who had resigned. One of the other conditions was that the offer of the purchaser was conditional on delivery of 70,000 shares, but that the vendors' nominee directorships and the appellant's secretaryship were to be given up on delivery of 43,000 shares. This also, said the judge, showed that the payment could not be correctly described as compensation for loss of office; and he pointed out that as the result of these arrangements the two main shareholders were able to obtain more than the 35s. per share received by the other shareholders. For some reason or other not disclosed in the judgment, both parties had, however, agreed that the £20,000 should not be treated as part of the sale consideration. But, said the judge,

Even so, the payment was a sum which the appellant was able to exact . . . by reason of the fact that the appellant's concurrence in the scheme was essential to its success . . . Apart from the holding of the shares, the secretaryship was worth little or nothing. It was only the appellant's special position which enabled it to obtain this money.

The General Commissioners had held that the sum in question was a taxable receipt and Harman, J., affirmed their decision, saying, *inter verbos*, that it was earned in the course of the appellant's trade, and, even though not part of the purchase price of the shares, was earned only because of the holding of the shares and by way of inducement to part with them. Renewing the long line of cases relating to compensation for termination of services, Harman, J., said it had been suggested by both sides that one or other of them governed the case. He said he did not take that view. Every case of the kind depended, he said, upon its own special facts and, in the end, the grounds of his decision were not only his own but took the case out of a large and unsatisfactory category. The result, it may be suggested, was to show that "Mr. Bumble's" famous opinion of the law is not always justified.

#### Income Tax

*Trade—Speculative builder—Residue of houses built retained during war years and then sold—Whether proceeds receipts by way of trade.*

*Cadwallader v. Wheeler* (Ch. October 27, 1955, T.R. 265) posed a question of very considerable difficulty. The appellant had been a speculative builder for about twenty years when at about the beginning of the last war he fell ill and ceased building houses altogether. At the time, he had left five out of forty houses built between 1937 and 1939. These were leasehold houses let. These he had sold in 1945, 1946 and 1947. The appellant's contention was that his intention was to retain them when he ceased building houses in 1939. The Commissioners had held that the profits from the sale of the five houses were profits assessable under Schedule D; but Harman, J., remitted the case to them to find:

whether there had been a discontinuance of the trade—not of building because he is a builder; he not only builds, but sells the houses he has built, and, for all I know, the General Commissioners might find that although he was not going to build any more owing to his health, the war, and one thing and another, he was still retaining these houses with a view to selling them at a profit when he could.

He suggested that the Commissioners might get a good deal of assistance from the judgment of Donovan, J., in *Harvey v. Caulcott* (1952, 31 A.T.C. 90; 33 T.C. 159), decided subsequent to the appeal.

#### Estate Duty

*Interest purchased or provided by the deceased—Beneficial interest accruing or arising on death by survivorship or otherwise—Settlement—Trust during settlor's lifetime—New trust after settlor's death—Finance Act, 1894, Section 2 (1) (d)—Finance Act, 1934, Section 28.*

*In re Parkes' Settlement* (Ch. October 11, 1955, T.R. 233) arose out of a settlement made by Mr. Ebenezer Thomas Parkes, dated January 4, 1929. The settlor had died on February 13, 1952; and the Revenue claimed duty under Section 2 (1) (d) of the Finance Act, 1894, the "deeming" Section which provides that although there may be no actual "passing" there shall be deemed to be one. It is not necessary to set out here the terms of the deed in full. In fact, they are only partially stated in the judgment. The deceased had two sons and two daughters. During his lifetime the income of the trust fund was to be paid in equal shares to the two daughters so long as they remained unmarried, but the amount so paid to each was not to exceed £250 in any one year. In case either should die unmarried then the income to be paid to the other was not to exceed £410. Any surplus income arising in any year was to be divided equally between the survivors of the four children.

On the death of the settlor, the trustees had to appropriate out of the trust fund in respect of each surviving daughter who should be unmarried a fund sufficient to provide an annuity of £250 during her life or for so long as she should remain unmarried, and in case the income of the appropriated fund should prove insufficient resort might be had to the capital of the fund to make good the deficiency. The surplus income, if any, of the appropriated fund was to be applicable "as income of the remainder of the trust fund." As and when the aforesaid annuities ceased, the appropriated fund was to revert to and become subject to the other trusts of the settlement, and the trustees were to hold the same both as to capital and income for such of the four children as should be living at the death of the settlor in equal shares absolutely. The Revenue claimed estate duty under Section 2 (1) (d), first in respect of the two annuities of £250 which became payable on the death of

*A further article in the series on the recommendations of the Royal Commission on the Taxation of Profits and Income will appear in our next issue. It is unavoidably held over owing to pressure on space this month.*

the settlor out of the appropriated fund, and *secondly* in respect of the surplus capital not required for the said fund. The ground of the claims was that, although there was no passing, there was a "beneficial interest accruing or arising on the death of the deceased."

During the deceased's lifetime the income of the trust fund was scarcely sufficient to provide as much as £250 a year for each daughter, the surpluses distributable aggregating only £77 during that period. It was argued for the trustees that "in substance" the sisters had received annuities of £250 per

annum both before and after the death and that there were no fresh beneficial interests created upon the death of the settlor. Danckwerts, J., however, held that the daughters' interests prior to the death were quite different from those which then came into existence, whereby instead of a share of the income of the trust fund that might or might not amount to £250 they became entitled to definite annuities of that amount. As to capital, until the death, the children had only contingent interests dependent upon survival. At the death, they obtained vested interests in equal shares in

the rest of the capital; and fresh interests came into being taxable under Section 2 (1) (d).

There were clearly large differences in legal form between the two trusts; and the judge, in view of the remarks of Lord Tomlin in *Duke of Westminster v. C.I.R.* (1936, A.C. 1; 14 A.T.C. 77; 19 T.C. 490 on page 520) on "the substance of the matter" doctrine, held that he had to have regard "to the form of this settlement and no other settlement." On this footing, it is difficult to see how he could have come to a different conclusion.

## Points From Published Accounts

### Investment Allowances

MANY COMPANIES TAKE credit for relief arising from investment allowances in computing their income tax liability, and before striking net profits. If the fact is clearly stated it may be felt that shareholders are not being misled into false ideas about the cover for their dividends. Yet the author confesses to a nagging uncertainty, as usual on behalf of the shareholder who is not versed in accounting complexities. It is, in theory, possible for a company to spend so heavily on capital account that investment allowances relief wholly offsets the income tax liability. What then? Would it be ethically desirable to take account of the relief and describe the balance as "net profit?" At least there is here a point for discussion.

### New Credits

After pressing for so long in these columns for companies to show non-recurring items at their net amount, so that the cover for net dividends can be seen clearly, it is gratifying to the writer to find that *Dorman Long* shows surplus profits arising from past years, less the tax thereon. It could be wished that more companies adopted this practice.

### The Guinness Mystery

*Arthur Guinness* does not disclose the nature of "interests unconnected with brewing" which accounted for £786,241

of the consolidated profit of £6.37 million in its last accounts. City editors have scratched their heads, or made guesses about what the interests may be, but the company so far has believed in being like dad and keeping mum. This is really an extraordinary situation, for there can surely be no other company in the country that is so mysterious over trading interests that must be capitalised at several millions of pounds.

### Steel in Three Colours

Praise must again be given to *Stewarts and Lloyds* for segregating the overseas earnings and assets of the overseas subsidiaries from the rest of the group. In three columns, one for the parent and the United Kingdom subsidiaries with a grey background, one for the overseas subsidiaries with a blue background, and one for the group with a yellow background, the figures stand out clearly. If there is a minor point of criticism it is that the printing of the comparative figures on the opposite side of the page means that the eye has to travel many unnecessary inches in noting the changes that have occurred. But this is a first-rate report. A point of interest is that the figures are given to the nearest thousand pounds.

Another extremely interesting feature is that the company sets out the net assets attributable to the holdings of unquoted investments, and gives the

percentage of the equity capital of four undertakings which contribute to the net assets attributable. Included with the report is a list of the subsidiaries, and a table of outputs of pig iron, steel tubes and so on for 1938 and every post-war year. The company makes a below-the-line transfer of £2 million to obsolescence which "covers additional depreciation for the year, calculated to take account of increases in prices since the United Kingdom fixed assets were acquired or installed, and also the reduction in taxation due to investment allowances."

### An Excellent Report

To give in the report and accounts of one year an historical record of profits may have a boomerang effect in a subsequent year, when conditions have been less propitious! But *Marley Tile (Holding)* is not daunted by the setback in 1955 from giving its five-year analysis of profits and balance-sheet changes, and shareholders should say: "more power to the directors' elbow." The report is first-class, with coloured diagrams that may well make some shareholders become customers of their company, and, as last year, illustrations appear showing where the money goes and capital expenditure each year on fixed assets and additions each year to working capital. The total of "£5,407 THOUSANDS" for the last two items is impressive. A block diagram shows how much came from new share and loan stock issues, how much from depreciation and how much from retained earnings. The figures are £950,000, of new money; £1,061,000, set aside for depreciation; and £3,396,000, retained profits. In other words, 83 per cent. of the assets expansion has come from inside the business.

# \*\*\*\*\*

# 19 QUESTIONS

*Do you know that . . .*

- 1 Walthamstow was a community before the Conquest?
- 2 It is mentioned in the Domesday Book, 1086?
- 3 It is famous for its building society, established in 1877?
- 4 In 1762 it had 301 houses and 97 cottages?
- 5 In 1870 its population was 11,000?
- 6 Today it has 120,000 inhabitants?
- 7 It has a fine Town Hall and Civic Centre?
- 8 The Borough motto is "Fellowship is Life"?
- 9 After seventy-eight years the Society is stronger than ever?
- 10 Thousands have bought their homes through it?
- 11 More have placed their savings in it?
- 12 The smallest saving is £1?
- 13 The largest share is £5,000?
- 14 Yearly interest is £3 5s. od. net on every £100?
- 15 This is paid half-yearly on April 1st and October 1st?
- 16 The Society pays the tax on the interest? (£3 5s. equates £5 13s. grossed at 8s. 6d.)
- 17 It is a trustee investment in all but name?
- 18 We give special terms to limited companies?
- 19 We are the Walthamstow Building Society and we can help you?

*. . . and the 20th question!*

- 20 If you are in the responsible position of advising clients in financial matters why not call or write to the Secretary—

*Samuel H. Russell, F.C.C.S.*

## WALTHAMSTOW

BUILDING SOCIETY

223 Hoe Street, London, E17

Telephone: COPpermill 1824/1640

ASSETS £3,000,000

A MEMBER OF THE BUILDING SOCIETIES ASSOCIATION

## KEEP YOUR FINGER ON THE PULSE OF INDUSTRY

The best way to learn the "ins and outs" of any industry is to get books on the subject from Smith's. The best titles for your needs will gladly be suggested if required. The latest books on recent developments in accountancy and new visual and electronic aids can be supplied quickly through your local Smith's shop or bookstall.



★ Your stationery and printed matter can also be supplied through our local branch.

## W. H. SMITH & SON

FOR TECHNICAL BOOKS

Head Office: STRAND HOUSE, LONDON, W.C.2

For reasons of prestige  
Launch your next TV show  
at

## PARK LANE HOUSE

45 PARK LANE, W1

GRO 7711

*E. and O. E.* . . . Errors are pardonable. None of us is perfect. But omission to cover the risks of serious consequences arising out of one's mistakes is positively dangerous. More than one Accountant has found a whole year's profit eliminated, or has been faced with disaster, owing to an oversight. Since nobody is infallible, and as present conditions are abnormal, isn't it worth your insuring against your hard-earned profits being by  
**Error and Omission Eliminated?**

MUIR BEDDALL & CO., LTD.

SPECIALISTS IN INDEMNITY INSURANCE

37 GRACECHURCH STREET, LONDON, E.C.3

Telephone: MANSion House 3414 (16 lines)

AND AT MANCHESTER, PARIS, MONTREAL, TORONTO, AND SALISBURY, S. RHODESIA

**THE WORLD'S GREATEST  
BOOKSHOP**

**FOYLES**  
\* \* FOR BOOKS \* \*

NEW, SECONDHAND, RARE

**Books**

ON EVERY SUBJECT

Foyles have Departments for Music, Records, Stationery, Handicraft Tools and Materials, Magazine Subscriptions, Lending Library, Foreign Stamps, Children's Books.

JOIN THE BOOK CLUB! You buy best-selling Novels (published at 10/6, 12/6 & more) for ONLY 3/6. Write today for details!

**119-125 CHARING CROSS ROAD,  
LONDON, W.C.2**

GERrard 5660 (16 lines)

Two minutes from Tottenham Court Road Station

Open 9-6 (inc. Sat.)

**SOUND TUITION  
plus**

**A CLEAR-CUT GUARANTEE**

is the R.R.C. formula for

**YOUR SUCCESS**

in the Examinations of

**THE INSTITUTE**

and

**THE SOCIETY**

Also for A.C.C.A., I.C.W.A., I.M.T.A., C.I.S., etc.

Before making plans for further study, you are cordially invited to send for free details of the efficient, inexpensive training with NO PASS—NO FEE GUARANTEE provided by the College.

Your inquiry places you under no obligation.

WRITE TODAY, specifying interest, to THE PRINCIPAL, Dept. A.Y.

**THE RAPID RESULTS COLLEGE**

TUITION HOUSE

LONDON, S.W.19.

# The Month in the City

## Short Time in Industry

Last month there had to be recorded a minor decline in fixed interest stocks of all sorts and a rise of rather over 3 per cent. in industrial "blue chips." In the closing days of the year both these movements continued and the year went out with the Ordinary share index of the *Financial Times* again standing a little over 200, a rise of over 16 points on the year and almost midway between the highest and lowest points of the period. In the first two or three days of January there was a rise in virtually all sections, with the exception of gold mining shares, but by the end of the first week there came a change. The troubles of the Lancashire cotton industry are with us most of the time, and recently there had been murmurs from the potteries, but on January 6 a new disturbing feature was that the Austin sector of *British Motors* announced that for a time only four days a week would be worked in part of the works, and soon afterwards *Standard* refused outright a wage claim on the grounds that 1956 would be a difficult year and that the claim should be withdrawn in the interest of full employment. Meanwhile, the political re-shuffle had not been very well received. In the absence of any statement from the new Chancellor of the Exchequer there was much speculation about credit policy. Well before the end of the year the view had become common, if not general, that credit pressure would have been increased but for the ill effects on the discount market statements of December 31; more than one Press commentator had come out strongly in favour of an immediate and marked advance in Bank Rate.

## A Memorable Year?

As against these views, there is also a school of thought which holds that now that the squeeze is evidently working credit restriction must soon be put into reverse. In these circumstances, it has been a disadvantage that the country has a new Chancellor whose views remain unknown. The usual effect of diversity of opinion is showing itself on the stock exchanges, which fear uncertainty above everything. The recent fall in quotations has been associated with a fair amount of selling and there has been a complete absence of new issues. It is expected that the *South Durham* steel stock will be issued in the near future:

the space has been booked for advertisements for some time, but market conditions are certainly unpropitious. As between December 16 and January 19 the following falls occurred in the indices of the *Financial Times*: Government securities from 90.43 to 88.33; fixed interest from 99.56 to 99.10; industrial Ordinary from 197.1 to 189.5, after touching 203.5 on January 3; the new composite index for gold mining shares from 87.4 to 82.7.

## Mortgage Borrowing

One of the factors affecting the lack of new issues on the stock exchanges has been the re-emergence and growth of local authority mortgages. With the new insistence on all markets being tested before application was made for central finance from the Public Works Loan Board, this form of borrowing came back into favour and a number of agents grew up who were handling a substantial volume of business. There are several of these specialist firms and one at least multiplied its turnover by four between October and November; and rather later it was estimated that some £5½ to £6 million a week had been borrowed through such channels. This borrowing was evidently a factor explaining the weakness of the stock markets, but in some degree it carries its own cure, for the future of rates is now so uncertain that few people can be found to commit themselves for even as long a period as seven years. With the relaxation by the Treasury of the prohibition on mortgages of a tenure of less than seven years (see page 42 of this issue of *ACCOUNTANCY*) there had been some considerable borrowing short, with rates ranging from 5½ per cent. for two-year paper to almost 5½ per cent. for bonds of over seven years. These rates will presumably harden following the rise in P.W.L.B. rates noted on page 43. This rate of 5½ per cent. compares with one of 5½ or less ruling in October, and as already stated there is now virtually no business in these medium dates. The investors seem to be mainly institutions, pension funds and some commercial firms and individuals, although few of the last have much to lend!

## The Banking Year

The general expectation that the real earnings of the clearing banks for 1956 would show a material increase on the

year but an insufficient increase to provide for the depreciation on investment portfolios, was fulfilled in the event. Each of the eight London clearing banks publishing profits figures disclosed higher earnings after tax—an aggregate rise of £708,000—but almost half the total was absorbed by the rise in the net dividend caused by the 6d. drop in the standard rate. All dividends were maintained, but every bank which makes transfers to contingencies out of published profits made large transfers at the expense of allocations to other reserves. Allocations to contingencies rose by £1,800,000 and those to other reserves and carry forward were reduced by £1,427,000 net. Four of the banks stated that no provision had been made for losses on investments and it is assumed that all but one of the "big five" will take them in at below market values. The *National Provincial* is expected to adhere to the old practice of writing-down its security holdings.

## Union-Castle

After a campaign unexampled in its extent and, perhaps, in its duration the dispute between *Clan Line* and *Union-Castle* has been resolved. The Kayzer group will forego sufficient of their interest in *Union-Castle* equity to allow all other *Union-Castle* shareholders to obtain 10 per cent. more shares in the new company than they would have received under the old scheme. Everybody is now satisfied. All the talk about the need for new management and the rights of Preference shareholders has been allowed to pass into limbo. What the exact result will be cannot be said, for the extent of shareholdings is not known. Meanwhile there has been substituted for this very large matter the much smaller one of *Millspaugh*. Mr. Landegger, the American industrialist who was brought in to help finance *Millspaugh* when it was about to be hived off from *Hadfields* in 1950, had been driven into the position where he had either to abandon control of a company into which he had put money and much work or buy control at a fancy price, at least for marginal shares. The shares, for which the original offer was *Hadfield* shares of a value put at 8s. 3d., had already been over 19s. in the market, when *Hadfields* announced that they had secured effective control and that they were prepared to revise their offer to make it worth approximately 10s., which is probably around the real worth of the shares. In the end a compromise was reached, leaving *Hadfields* in control.

## Publications

**The Essentials of Economics.** By D. C. Hague and A. W. Stonier. Pp. ix+172. (Longmans: 12s. 6d. net).

ACCORDING TO THE publishers' note "this is that unusual thing—a book on economics which can be read with ease by the general reader for whom it provides an overall picture of the whole field of economic theory." Very literally interpreted, the claim is valid. The joint authors possess an agreeable style. Their exposition is lucid and their pace—with few exceptions—reasonably well suited to the general reader. The book undoubtedly provides the "overall picture." It discusses various industrial issues such as wages, monopoly and profits. Further chapters are on money, the level of economic activity, the budget, taxation and the balance of payments. The reader is also given a glimpse of "welfare economics." But even so, the book does not substantiate the full claim of the publishers, broadly interpreted.

The present reviewer doubts very much whether the "general reader" could stand this close-knit exposition of economic principles, well expressed as they are. The book is designed, rather, for students reading economics either for a general degree or for the examinations of the professional bodies. Such students will already have read at least one textbook on economics and if they have grasped the principles of the subject, *Hague and Stonier* should prove useful.

The book bears eloquent testimony to the fact that nothing is harder than the writing of "simple" economics. On page 76 we read "the government has (probably) very considerable control over the rate of interest, especially when the government and the public are agreed about the kind of policy to be followed"; and a little later, "one suspects that an increase in the rate of interest will be easier to achieve than a fall." An expert economist will agree—but he will do so because he has a knowledge of events in the stock market during 1945–7 and 1951–3—and on these events the "general" or student reader is to be assumed ignorant. The brief exposition on page 148 of the effects of interest rate changes on the movements of short-term funds between the international centres may be criticised on the same grounds. On page

116 we read that "the main object of a tax is to raise money": the student who has just read Mr. Butler's address on the Autumn Budget will have his doubts. On pages 117–8, where the authors discuss the question whether income taxes are "better" in any sense than sales taxes, they summarise the welfare theory very neatly, but it would have been useful to the general reader to be reminded of the advantages of income taxes on grounds of equity.

The reviewer occasionally disagrees with the authors. The reason why equities are attractive in an inflation is not that the capital assets of industrial companies appreciate in money terms, unless the entire economy is in the grip of a hyperinflation. It is the prospective earnings of the equities and their dividends which make them an inflation hedge. The authors' definition of an equity is not a good one and their term "annual dividend yield" is curious.

Few books can be free from criticism, but the subject matter of this book gives the reviewer more than sufficient material for disagreement. One might charge the authors with overlooking the very pertinent point that intelligent discussion of current economic issues requires not just an understanding of principles, but a large volume of facts and background knowledge. This would be as unfair as it is unkind. They have valiantly tackled an extraordinarily difficult task. For the good student with some basic reading behind him they have done all that could reasonably be expected—indeed, more than that.

A.R.I.

**Munro's Elementary Book Keeping.** By Andrew Munro, F.C.I.S. Fifteenth edition by Alfred Palmer, A.S.A.A. Pp. vii+176. (Sir Isaac Pitman & Sons, Ltd.: 9s. 6d. net.)

THIS BOOK IS AN EXCELLENT ONE FOR THE TEACHING OF ELEMENTARY BOOK-KEEPING TO STUDENTS OF DAY AND EVENING SCHOOLS AND COMMERCIAL CLASSES. IT PROVIDES READILY GRASPED EXPLANATIONS OF THE PROCEDURE FOR THE RECORDING OF TRANSACTIONS, AND THEY ARE CLARIFIED BY ILLUSTRATIONS.

Each chapter consists of only a few pages enabling the student to grasp its content thoroughly before proceeding to the next step. The exercises at the end of each chapter have been brought up-to-date, to be in keeping with the standards required by the various professional and commercial bodies. A key to the various exercises would be a useful addition, for it would greatly aid students who are working without supervision.

The book has been in use for many years and the high standard of the present edition, and the easy-to-follow style in which it is written, will ensure its continued popularity. K.E.C.L.

**Income from Abroad: The assessment of remuneration and similar earnings to United Kingdom Income Tax.** Pp. 15. (Prepared by the Technical Research Committee of the Association of Certified and Corporate Accountants: 2s. Od. net.)

THIS LITTLE BOOKLET POSES A PROBLEM: FOR WHAT PUBLIC IS THE PUBLICATION INTENDED? ADMITTEDLY A RESEARCH COMMITTEE CANNOT ALWAYS BE MAKING ORIGINAL DISCOVERIES, AND A NEW FORMULATION OF OLD PROBLEMS CAN BE REFRESHING, ESPECIALLY IF IT LEADS TO FRUITFUL QUESTIONS BEING ASKED. BUT ONE IS LEFT IN DOUBT WHETHER *Income from Abroad* REALLY SUCCEEDS ON ANY OF THESE COUNTS. IT GIVES A SUMMARY ON RATHER FAMILIAR LINES OF THE EXISTING STATE OF THE LAW RELATING TO THE ASSESSMENT OF FOREIGN EARNINGS; INTO THIS ARE INTERPOLATED SOME NOT VERY PENETRATING REMARKS ON THE RESIDENCE OF INDIVIDUALS AND COMPANIES AND THE LIABILITY OF TRADES AND BUSINESSES CARRIED ON OVERSEAS.

CERTAINLY DIRECT TAXATION IN THIS COUNTRY OFFERS A RICH VEIN FOR RESEARCH. WHAT IS DOUBTFUL IS WHETHER AT THIS TIME OF DAY AN EXPOSITION OF THE PURELY LEGAL POSITION IS OF MUCH VALUE.

STRANGELY, THE BROCHURE DOES NOT REFER AT ALL TO THE RECOMMENDATIONS OF THE ROYAL COMMISSION. ADMITTEDLY, THESE RECOMMENDATIONS (EMBODYING AS THEY DO A LARGE MEASURE OF COMPROMISE) DO NOT INHIBIT ANYONE ELSE FROM PUTTING FORWARD OTHER IDEAS. NEVERTHELESS, THEY HOLD THE FIELD AND WILL DOUBTLESS BE THE BASIS OF ANY NEW LEGISLATION.

IN CHAPTER 14 OF THE MAJORITY REPORT, THE ROYAL COMMISSION SETS OUT ITS VIEWS ON EMPLOYMENT AS A SOURCE OF OVERSEA INCOME. IN PARAGRAPH 297, THE VERY ODD STATEMENT WAS MADE:

But it has been made plain to us that it is extremely difficult to say whether an employment which contains elements of a foreign character is or is not to be treated as a foreign possession for this purpose.

WE SHOULD THINK THAT, AFTER TWO GENERATIONS OF TAX CASES, INCLUDING THE FAMOUS *Pickles* LITIGATION, THE BASIS OF ASSESSMENT FOR A FOREIGN EMPLOYMENT WAS AT LAST SETTLED. IN THE NOW CLASSIC WORDS OF LORD JUSTICE ROMER IN *Bennet v. Marshall* (SUBSEQUENTLY APPROVED BY THE HOUSE OF LORDS):

. . . in the case of an employment, the locality of the source of income is not the

place where the activities of the employee are exercised but the place either where the contract for payment is deemed to have a locality or where the payments for the employment are made, which may mean the same thing.

Nevertheless, the Royal Commission recommended quite logically that the Romer test was an unreasonable one and that the proper test of where the source of income is should be the place where the services have been rendered. This test should apply not only to a foreign employment but to "public offices and employments of profit" (with the exception of offices under the Crown) covered by the original words of Schedule E. If legislation is enacted on these lines, the ghost of Mr. Pickles will at last have been laid.

Even so, the remittance basis of assessment will remain to cause trouble to future generations of accountants, despite Section 24 of the Finance Act, 1953.

Oddly enough, the Association's brochure refers in the briefest terms to the accounting aspects of the remittance basis which can often be very tricky. The long string of cases on this matter from the two *Hall v. Marians* cases to the High Court decision in *Joffe v. Thain* is well worthy of study.

C.D.H.

**Return of Rate Collection, 1954-55.** Pp. 45. (*The Institute of Municipal Treasurers and Accountants, 1 Buckingham Place, London, S.W.1: 5s. net.*)

**City of Johannesburg. Abstract of Accounts for the year ended June 30, 1955.** Pp. 305. (*City Treasurer, P.O. Box 1450, Johannesburg.*)

**The Legal Aspects of Business.** By H. R. Light, B.Sc., F.C.I.S. Fourth edition. Pp. xix+320. (*Sir Isaac Pitman & Sons Ltd.* 15s. net.)

**Progress of Joint Stock Companies in India.** Pp. xxvi+45+charts. (*Research and Statistics Division, Department of Company Law Administration, Ministry of Finance, New Delhi, India:* No price given.)

**Local Government Superannuation—Administration and Procedures.** By H. R. James, B.Sc.(ECON.), A.I.M.T.A. and J. Massey, B.COM., A.I.M.T.A. Pp. 114. (*The Institute of Municipal Treasurers and Accountants, 1 Buckingham Place, London, S.W.1: 25s. post free.*)

## Books Received

**The Institute of Chartered Accountants of Scotland, Official Directory, 1955.** Pp. 644. (*The Institute of Chartered Accountants of Scotland, 27 Queen Street, Edinburgh, 2.*)

**Glasgow Library Catalogue of the Institute of Chartered Accountants of Scotland, with First Supplement.** Pp. 372. (*The Institute of Chartered Accountants of Scotland, 218 St. Vincent Street, Glasgow, C.2: 10s. post free.*)

fact, to "open market" my article did not purport to deal with that subject. If the Institute had used the term "market price" I do not think that I would have been under any difficulty.

To deal further with his third paragraph, Mr. Bayley appears to be of the view that the only thing worth saying about estates in expectancy is that they are open to be valued at their market price. I do not share this view. An extremely important factor concerning estates in expectancy is the estimation of prospective claims for duty on the deaths of persons having taxable interests in the property. It was to this aspect, I repeat, that my article was considerably directed.

It is very difficult to deal with Mr. Bayley's method of argument. He imputes to me a confession (which I never made) of not dealing with something (which, in his view, is the only thing worth dealing with), and from these extraordinary premises concludes that my article fulfilled no purpose. Mr. Bayley really should not have employed the concluding expressions of his third paragraph. Attempts at being devastating are quite unwarranted.

In the final paragraph of his letter, Mr. Bayley appears to make two points that are both, in my view, incorrect. *Re Longbourne* is not confined to continuing annuities on the death of a life tenant. For this to be true there would have to be a distinction, for duty purposes, as

## Letters to the Editor

### Estate Duty When a Remainderman Dies

Sir,—I was pleased to read in your last issue the letter on this subject from the Institute of Actuaries. It was certainly obvious to me that Mr. Mason did not make clear in his article in the November issue of ACCOUNTANCY (pages 421-4) that the proper value of a reversionary interest for estate duty purposes is its *market value*. Market valuations of reversionary interests are in fact a severely practical affair, are far from straightforward and are not produced by hypothetical calculation.

My main purpose however is to draw attention to what I believe to be a serious situation. The Estate Duty Office, to their grave discredit, accept substantial overvaluations of reversionary interests, i.e. valuations grossly exceeding market values. It is for this very reason that the discovery of market value is the one thing that really matters.

Now if Mr. Mason, on his own confession, was not attempting to deal with market value, it would be interesting to know what practical purpose his article was intended to serve.

One final point: *re Longbourne* has

only a limited application. It concerns the liability for estate duty *on the death of the life tenant* of a fund burdened with a continuing annuity. It does not relate to the duty on a (deceased) remainderman's interests in a fund held to pay an annuity. The deduction of the value of the annuity is irrelevant to the correct valuation of such residual interests for estate duty purposes: the valuation required is market value.

Yours faithfully,  
G. V. BAYLEY

Liverpool,  
January 9, 1956.

Sir,—In the third paragraph of his letter of January 9 Mr. Bayley states that if on my confession, I was not attempting to deal with market value, it would be interesting to know what practical purpose my article was intended to serve.

I made no such confession as that alleged by Mr. Bayley. In my reply to the letter from the Honorary Secretaries of the Institute of Actuaries I said that I was in some confusion as to the market principle to which they referred and that, if the reference was, in

between property passing on the death of a life tenant and property passing on the death of an absolute owner. The appropriate deductions for the value of an annuity may well be of importance to an estate in expectancy. For example, Blackacre is devised to A for life, subject to a life annuity in favour of B, and

upon C absolutely. Upon C dying before A and B a deduction may be taken for the prospective duties. If A is to die survived by B the prospective duty on A's death will be affected by the deduction for the continuing annuity. The deduction to be taken on C's death is, correspondingly, affected. Various

permutations of this aspect have been considered in my article. *Re Longbourne* may very well, of course, be relevant in ascertaining the deduction.

Yours faithfully,

G. C. MASON

*London, E.C.4.*

*January 14, 1956.*

## Legal Notes

### Company Law—

#### Payment of Interest in Winding-up

F. Ltd. was ordered to be wound-up on the ground of insolvency. But in the course of the winding-up the liquidator succeeded in having set aside a substantial debenture, with the result that, after all the creditors had been paid in full, the company was left with a surplus. The question then arose whether any interest should be paid, either to judgment creditors or to simple contract creditors, on the amounts admitted to proof.

In *Re Fine Industrial Commodities Ltd.* [1955] 3 W.L.R. 940, Vaisey, J., held that, when the Court came to consider what should be done with the surplus, the company must be treated as if it was and had always been solvent. It followed from this that the judgment creditors were remitted to their ordinary rights and were entitled to interest, certainly from the date of the winding-up and possibly also from the date of their judgments. But the Court had no power to award any interest to the simple contract creditors; the only statutory provisions that could give any such power were the Law Reform (Miscellaneous Provisions) Act, 1934, Section 3, and the Bankruptcy Act, 1914, Section 33 (8), as applied by the Companies Act, 1948, Section 317, and in the view of the learned Judge neither statute applied. The Law Reform Act did not apply because the winding-up was not "a proceeding for the recovery of any debt or damages"; and the Bankruptcy Act applied only to companies that were insolvent.

Presumably a simple contract creditor would have been entitled to interest if express provision for the payment of interest had been made in his contract, but that point did not arise in this case.

### Contract and Tort—

#### Damages for Loss of Earnings

L. and A. were the sole directors and shareholders of a private company. L. was injured in a car accident and was unable to take part in the business of the company for some time. The result was that the turnover and profits of the company fell substantially, and there were less profits to distribute between L. and A. In an action for negligence brought by L. against the personal representative of the other driver involved in the accident, the trial Judge held that the other driver was solely to blame, and as one head of damage he awarded to L. £1,500 in respect of the diminution of his drawings from the company.

In *Lee v. Sheard* [1955] 3 W.L.R. 951, the Court of Appeal upheld the decision of the trial Judge. Owing to his absence from the company L. had suffered a real loss of £1,500, and that loss was not too remote in law to be recovered. The Court pointed out that, if L. had been a servant of the company, the company might have recovered damages for the loss of his services, but that point did not arise because L. was not a servant of the company.

The rights of A., the other director and shareholder, were not under consideration by the Court. His drawings, too, must have been diminished owing to L.'s accident, but it is not at all easy to see how he could recover anything for this loss.

### Miscellaneous—

#### Gold Clause in Lease

By a lease made in 1938 a far-sighted landlord granted from 1930 a 99-year lease under which the tenant had to pay "yearly during the said term either in gold sterling or Bank of England notes to the equivalent value in gold sterling the rent of £1,900." For many years the landlord was content to accept £1,900 a year as the rent, but he always stipulated that payment of this sum was accepted

without prejudice to his contention that he was entitled to receive such sum in Bank of England notes as represented the value of 1,900 gold sovereigns in sterling in London calculated at the date upon which payment was due. Eventually he refused to accept £1,900 as rent and claimed about £6,000 as the equivalent value of the gold sovereigns.

Gold clauses of this type have of course frequently been inserted in contracts between parties domiciled in different jurisdictions in order to guard against exchange fluctuations. The Courts have held that such a clause must be regarded as a definition of the means by which a debt is to be measured and ascertained and not a definition of the means by which the debt is to be discharged, and that it gives rise to an obligation to pay in legal tender of the stipulated currency an amount which on the day of payment will be sufficient to buy gold coins corresponding to the nominal amount of the debt.

*Treseder-Griffin v. Co-operative Insurance Society Ltd.* [1955] 3 W.L.R. 996 was the first case in which the Courts have had to consider a gold clause in a domestic contract. The Lord Chief Justice held that the clause was effective and that the landlords were entitled to recover the £6,000 claimed.

It seems likely that this case will be taken to the Court of Appeal and possibly also the House of Lords. It is suggested that those who propose to insert gold clauses into domestic contracts should, if possible, delay making their decision until the higher Courts have given their judgment.

---

Mr. J. M. Clarke, Senior Official Receiver in the Companies (Winding-Up) Department, will succeed Mr. C. R. Bruce Park as Inspector General of Companies, Companies Liquidation and Bankruptcy (Board of Trade), with effect from May 1, 1956. Mr. Bruce Park is retiring.

- For new ideas in business ...



## THESE ARE THE KEYS to low cost, speedy accounting

Hitherto, the insuperable argument against mechanised accounting in the small business has been its high initial cost. That argument no longer holds. For the 224 Accounting Machine has been developed by Remington Rand to meet the needs of the small business, at a price within its means. Now, for a nominal outlay, you can enjoy the full advantages of mechanised accounting—with all its speed, accuracy

and economy—which until now have only been offered by more expensive machines.

The 224 Accounting Machine is merely one of the many modern methods devised by Remington to stream-line the day-by-day efficiency of business operations. The Man from Remington Rand will gladly call upon you to discuss their application to your own problems—without obligation.

Send for the man from

# Remington Rand



*Tick which you prefer*

- Tell me more about the 224 Accounting Machine
- Arrange for your representative to call by appointment
- Send me informative literature, free

NAME..... POSITION.....

ADDRESS.....

TT107

REMINGTON RAND LIMITED • 1-19 NEW OXFORD STREET • LONDON • WC1

# Softening the blows of FATE...



The Ancients personified Fate by the Three Sisters; Clotho, Lachesis and Atropos, who sat spinning the thread of each man's destiny, ruthlessly cutting it as the whim took them. Although the modern mind has abandoned this picturesque image of Fate, it believes in providing for every contingency through personal and corporate insurances.

In the business and professional world the name "Legal and General" has long been associated with almost every aspect of insurance; it has always been foremost in bringing to the service of industry and the general public, new and improved insurance cover.

*The "Legal and General" deals with all normal types of insurance, including—*

GROUP AND MASTER POLICIES COVERING ALL FORMS OF PENSION AND LIFE ASSURANCE SCHEMES, OR ENDOWMENT PENSION SCHEMES • INCOME POLICIES • MONTHLY PREMIUM LIFE ASSURANCE • ENGINEERING • GROUP PERSONAL ACCIDENT • FIRE AND CONSEQUENTIAL LOSS HOUSEHOLDER'S COMPREHENSIVE • PUBLIC LIABILITY MOTOR • EMPLOYER'S LIABILITY and many others

## LEGAL & GENERAL ASSURANCE SOCIETY LTD



CHIEF ADMINISTRATION 188 FLEET STREET, LONDON, E.C.4

**FAMILY WELFARE ASSOCIATION**  
OFFERS A UNIQUE SERVICE TO  
**ACCOUNTANTS — TRUSTEES**  
AND OTHER OFFICIAL AND PRIVATE PERSONS  
INTERESTED IN THE MAKING AND EXECUTION  
OF  
**LEGACIES AND CHARITABLE BEQUESTS**

- ★ Free advice as to the status and financial position of charitable Organisations.
- ★ Information regarding Charities affected, and not affected by Act of Parliament.
- ★ Help and advice as to the needs of Charities for those making gifts or bequests.

FOR 86 YEARS THIS HAS BEEN PART OF THE  
SERVICE PROVIDED BY THE ASSOCIATION

**FAMILY WELFARE ASSOCIATION**  
296 VAUXHALL BRIDGE ROAD  
LONDON, S.W.1  
VICTORIA 7334

## PITMAN

- •
- THE LEGAL ASPECTS OF BUSINESS  
By H. R. Light. 4th Edition. 15/- net. "... The clearest and most accurate summary of English legal principles that we have read. The historical part, the description of the division and sources of law and jurisdiction of the Courts, and synopsis of contract, tort, and property law are all excellent."—*The Accountant*.
- THE TAXATION OF GIFTS AND SETTLEMENTS INCLUDING PENSION PROVISIONS  
By Stamp Duty, Estate Duty, Income Tax and Surtax  
By G. S. A. Wheatcroft, M.A.(Oxon.). 2nd Edition. 42/- net. "... this remarkable book . . . for there is no other single volume in which so much information and guidance on the subject can be obtained . . ."—*Accountants Journal*.
- ADVANCED ACCOUNTS  
Edited by R. N. Carter. A revised Fourth Edition of the familiar, students' textbook. 15/-, "... an admirable exposition of book-keeping and accounts."—*Cost Accountant*.
- ACCOUNTANCY  
By William Pickles, in conjunction with G. W. Dunkerley. 2nd Edition. This authoritative work incorporates the Companies Act, 1948. The book is of considerable value to every member and student of the accountancy profession. 30/-, "... covers the whole field of accountancy as far as it is possible to do in one volume."—*Corporate Accountant*.
- •

PARKER STREET • KINGSWAY • LONDON • WC2

# The Student's Columns

## I—ON INTERPRETING THE TAXING ACTS

ALL INCOME TAX law and practice are based on the statutes. Case decisions only interpret the Acts; they cannot amend them. Often, however, a Finance Act contains a provision to negative the effect of a judgment that has altered the Revenue interpretation or revealed a loophole. In using case reports it is of great importance to watch for two things:

- (a) That the judgment has not been over-ruled by a later decision of a higher Court, and
- (b) that there has been no subsequent legislation which makes the judgment obsolete.

It is not always easy to keep pace with (a). But reference to the index to the statutes, comparing the date of the case with the date of subsequent legislation, will help with (b).

The purpose of this article, however, is to assist in reading the Acts. It is so easy to look up a particular heading in the index and refer to it without thinking to look back to the underlying legislation. A good example is seen in the judgment of the Court of Appeal in *The Butterley Co. v. C.I.R.* (1955) dealing with profits tax. The point at issue in the case has no general application and need not concern us here. It did, however, give rise to the consideration of the whole question of the treatment of investment income. The case may go to the House of Lords. Whatever its fate there, the analysis made in the Court of Appeal remains worth studying.

### Investment Income and Profits Tax

When the profits tax was so named and the law relating to it drastically amended by the Finance Act, 1947, it was generally accepted that all investment income had to be included in profits for profits tax purposes, with the sole exclusion of franked investment income (dividends received from companies liable to profits tax).

The judgment of the Master of the Rolls is a most valuable guide as to what all of us ought to have done for ourselves. So far as is relevant, the judgment points out that we ought to start with the original provision—Section 19 of the Finance Act, 1937—which imposed what is now profits tax “on all trades and businesses of any description carried on in the United Kingdom, or carried on . . . by persons ordinarily resident in the United Kingdom.”

So far as computation is concerned, Section 20, Finance Act, 1937, requires income tax principles to be applied as adapted by the Fourth Schedule to the Act. For this pur-

pose, income tax principles *in relation to a trade or business* means the principles on which the profits arising from the trade or business are computed for the purpose of income tax under Case I of Schedule D, or would be so computed if income tax were chargeable under that Case in respect of the profits so arising.

Paragraph 7 of the Fourth Schedule originally required that “income from investments or other property shall be included in the profits in the cases and to the extent provided in this paragraph, and not otherwise.” There followed (a) what should be included in the profits of the business of a building society or certain other businesses and (b) what should be included in respect of certain subsidiary companies in other trades or businesses.

Paragraph 8 provides that subject to Paragraph 7, *the profits* shall include all such income arising from the trade or business as is chargeable to income tax under Case I or would be so chargeable if the profits of the trade or business were chargeable under that Case. (The last point covers the investment company, which is specifically made liable by Section 19 (3), Finance Act, 1937: “where the functions of a company . . . consist wholly or mainly in the holding of investments or other property, the holding of investments or property shall be deemed . . . to be a business carried on by the company . . .”)

Paragraph 7 was amended by the Finance Act, 1947, to read: “income from investments shall be included in the profits except” franked investment income and income received as a trustee only. That Act also required all trades and businesses, to which Section 19 of the Finance Act, 1937, applies and that are carried on by the same person, to be treated as one trade or business for profits tax purposes.

The formula in Section 19 is “profits arising . . . from any trade or business” and remains all important.

Counsel for the Crown admitted that the amendment of Paragraph 7 by the Finance Act, 1947, could not enlarge that formula: to be chargeable to profits tax, the sums in question must be “profits arising from a trade or business.” He also conceded that Paragraphs 7 and 8, when read together, were of a limiting rather than an expanding character.

The Crown contended that since the company was a trading company all receipts in the nature of income must be brought into account as profits arising from the trade.

The Master of the Rolls quoted precedents to support his view that not all income from the assets of a trading

company can be treated as business earnings or income arising from a trade or business.

Jenkins, L.J., in his judgment said: "the charging section . . . Section 19 of the 1937 Act, charges the tax on the profits arising . . . from any trade or business to which the Section applies, *and charges nothing other than the profits* so arising [our italics]. Paragraph 7 of the Fourth Schedule . . . as originally framed, in providing that income from investments or other property should with the exceptions therein mentioned be excluded from the profits, must be taken to have been referring to investments or other property, the income received from which would, apart from its exclusion, have been included in the profits arising from the trade or business; and not to income from investments or other property which have nothing to do with the trade or business, the exclusion of which would have been wholly unnecessary . . . Similarly, I think that the substituted paragraph 7 (1) . . . introduced by Section 32 of the 1947 Act, in providing that income received from investments or other property should, with the exceptions therein mentioned, be included in the profits, must be taken as referring to income received from investments or other property, the income from which

forms part of the profits arising from the trade or business. . . . I cannot construe the new paragraph 7 (1) as bringing into charge to tax investments or other property which have nothing to do with the trade or business."

Although the point was not discussed in the *Butterley* case, it is thought that the only income from investments or other property that has to be included in the profits is such interest, dividends, etc., as would have to be included as trading receipts under Case I but for the fact that they were subjected to income tax under other provisions of the Income Tax Acts, e.g., by deduction at source. In general, finance companies, life assurance offices and like concerns only would be affected, but an ordinary commercial company receiving dividends would not have to bring in investment income, except perhaps on pure trade investments, e.g., shares held to ensure supplies or a sales outlet.

#### Franked Investment Income

This was not discussed in the *Butterley* case but it is obvious that where investment income has not to be included, franked investment income must also be ignored in all respects in computing liability.

## II—GROUP ACCOUNTS

BY SECTION 154(4) of the Companies Act of 1948 a company is deemed to be the holding company of another company only if that other is its subsidiary; by Section 154(1) a company is deemed to be a subsidiary of another if:

- (i) that other company is a member of it and controls the composition of its Board of directors; or
- (ii) that other company holds more than half in nominal value of its equity share capital; or
- (iii) the first-mentioned company is a subsidiary of any company which is the subsidiary of that other.

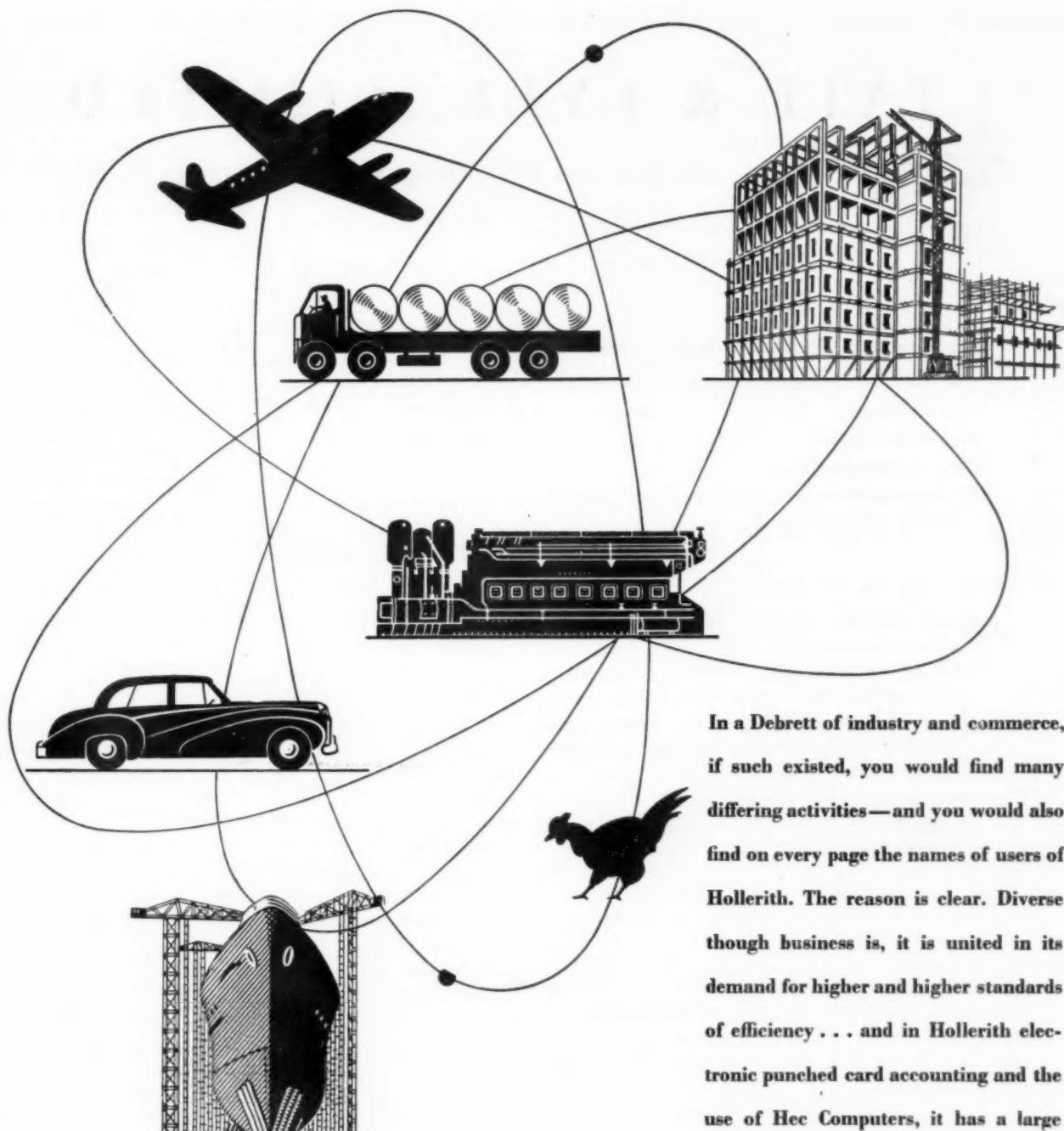
And it is in these terms that the Act decides the point at which group accounts must be submitted.

It is incumbent upon a holding company to show in its balance sheet, whether or not it is itself a subsidiary of another body corporate, the aggregate amount of shares in, or of indebtedness by, its subsidiaries; and the balance sheet of the subsidiary must show the amount of its indebtedness to its holding company and fellow subsidiaries and of indebtedness by its holding company and fellow subsidiaries to it (distinguishing between debentures and otherwise). In addition, the holding company must lay group accounts before its members, but this requirement may be set aside if the company itself at the end of its financial year is the wholly-owned subsidiary of another body incorporated in Great Britain, or the directors of the holding company are of the opinion that in respect of any of the company's subsidiaries:

- (i) it is impracticable; or
- (ii) it would be of no real value to members of the holding company, in view of the insignificant amounts involved; or
- (iii) it would involve expense or delay out of proportion to the value to members of the holding company; or
- (iv) the result would be misleading (for example, if the accounts of subsidiaries are recorded in the currency of territories where the internal conditions are such that the inclusion of the accounts would be misleading); or
- (v) the result would be harmful to the business of the holding company or any of its subsidiaries; or
- (vi) the business of the holding company and that of the subsidiary are so different that they cannot be reasonably treated as a single undertaking.

The approval of the Board of Trade is necessary, however, before the accounts of a subsidiary may be excluded from group accounts by reason of either (v) or (vi) above.

If a subsidiary is in all other respects qualified as an exempt private company and its holding company is also an exempt private company, group accounts need not be submitted. And in qualification of Section 27, which says that a company cannot be a member of its holding company, the subsidiary can in these circumstances hold shares in its holding company. It is, however, provided in



In a Debrett of industry and commerce, if such existed, you would find many differing activities—and you would also find on every page the names of users of Hollerith. The reason is clear. Diverse though business is, it is united in its demand for higher and higher standards of efficiency . . . and in Hollerith electronic punched card accounting and the use of Hec Computers, it has a large part of the answer.

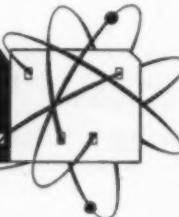
*Talk your problem over with*

## THE BRITISH TABULATING MACHINE CO. LTD

*Offices in principal cities throughout Great Britain and Overseas*

HEAD OFFICE: 17 PARK LANE, LONDON, W.1 TELEPHONE: HYDE PARK 8155

BTM8d



# TATE & LYLE, LIMITED



## AN ANALYSIS OF INCOME AND EXPENDITURE IN 1955

*Proportion of  
each £1  
of Income*

	£	£	s. d.
<b>GOODS AND SERVICES PURCHASED FROM OUTSIDE:—</b>			
Raw Materials (including Duty of £12,951,469) ..	103,182,169		16 3½
Fuel and Power .. .. .. .. ..	1,616,071		3
Packing Materials .. .. .. .. ..	4,784,952		9
Other Refinery Expenses .. .. .. .. ..	1,217,896		2½
Overhead Expenses including Advertising (£50,837), Selling and Distribution .. .. .. .. ..	4,155,128		7½
	<hr/>	114,956,216	
<b>VALUE ADDED OR NET OUTPUT:—</b>			
Wages, Salaries, National Insurance and Em- ployees' Benefits .. .. .. .. ..	6,224,186		11½
Provided for Renewals of Plant and Machinery and Depreciation of other Fixed Assets ..	1,294,315		2½
United Kingdom Taxation on Profits (after crediting £201,500 being Contingent Liability to Taxation no longer required) .. ..	1,922,598		3½
Amount placed to Reserves .. .. .. ..	1,453,703		2½
Dividends to Ordinary and Preference Stock- holders (Net) .. .. .. .. ..	872,913		1½
	<hr/>	11,767,715	
TOTAL .. .. .. .. ..	<hr/>	£126,723,931	£1 0 0
<b>VALUE OF EXPORT SALES (including £6,774,618 Drawback)</b> .. .. ..			
33,251,265		5 3	
<b>VALUE OF HOME TRADE SALES AND OTHER INCOME</b> .. .. ..			
93,472,666		14 9	
TOTAL INCOME .. .. .. .. ..	<hr/>	£126,723,931	£1 0 0

**Profitable  
Saving**

**7½% INTEREST**

**INVESTMENT COVERED BY  
SUBSTANTIAL RESERVES**

Send for full details and copy of  
Company's accounts to Secretary.

**MILFORD MUTUAL FACILITIES LTD**  
Milford House, 128 Hr. Ardwick, Manchester, 12

paragraph 6 of the Sixth Schedule that the total number of persons holding shares in the subsidiary, in any company holding shares in the subsidiary, and in any further company that has to be taken into account in determining the right of any company holding shares in the subsidiary to be so treated as an exempt private company, must together not exceed fifty. In this computation, past and present employees are disregarded and joint holders are treated as one person.

#### Form of Group Accounts

Group accounts are usually submitted in the form of consolidated accounts. If they are so submitted the holding company need not show separately its own profit and loss account, but only a consolidated account for the group. Consolidation may embrace some or all of the subsidiaries, or consist of more than one set of consolidated accounts for the subsidiaries of the subsidiary companies of the holding company. But if subsidiaries are not dealt with in consolidation—for example, if there are oversea subsidiaries the inclusion of whose accounts is impracticable because of differences in exchange rates—the group accounts would consist of the separate accounts of these subsidiaries, although they would be in a foreign currency.

#### Consolidated Accounts

Consolidated accounts must comply as far as possible with the requirements of the Eighth Schedule, but the Board of Trade may, on the application or with the consent of the directors, modify these requirements to adapt them to the circumstances of the company. Shortly, the Eighth Schedule provides that all inter-company transactions within the group are eliminated and that in place of the cost of the shares in the subsidiaries to the holding company there is substituted in detail the net assets of those companies—as though the consolidated accounts were those of an actual company. It is not necessary to give the aggregate of directors' emoluments, pensions, compensation for loss of office, or loans to officers. But it is necessary that the members of the holding company be told that the presentation of the financial affairs of their group is a true and fair one so far as they are concerned.

To facilitate the preparation of consolidated accounts, the directors of the holding company must normally secure that the financial year of each of its subsidiaries coincides with that of the parent company. If, however, the Board of Trade agrees that it is desirable for a holding company or its subsidiary to extend its financial year so that the accounts of the group can be made up to a common date, then the Board may direct that the submission to a general meeting of the accounts of the company whose financial year is to be extended may be postponed from one calendar year to the next (Section 153). If the financial year of a subsidiary is different from that of the parent company, the group accounts must deal with the state of affairs of the subsidiary for the year ended within the period covered by the accounts of the holding company (Section 152).

#### Principles Involved in the Preparation of Consolidated Accounts

The principles may be illustrated by an example.

Suppose Y Ltd. acquired 40,000 Ordinary shares in Z Ltd. on September 1, 1952, and at October 1, 1955, the balance sheets of the companies appeared as under:

	<i>Y Ltd.</i>	<i>£</i>		<i>Y Ltd.</i>	<i>£</i>
Share capital:			Fixed assets:		
100,000 Ordinary shares of £1 each	100,000		Shareholding in subsidiary company at cost:		
Revenue reserves	85,000		(40,000 Ordinary shares of £1 in Z Ltd.)		
Loan: Z Ltd.	15,500		(26,666 £1 Preference shares in Z Ltd.)		131,200
Current liabilities	44,500		Current assets		
					26,800
					87,000
		<hr/> <hr/> £245,000			<hr/> <hr/> £245,000

	<i>Z Ltd.</i>	<i>£</i>		<i>Z Ltd.</i>	<i>£</i>
Share capital:			Fixed assets		300,000
50,000 Ordinary shares of £1 each	50,000		Loan: Y Ltd.		15,500
50,000 Preference shares of £1 each	50,000		Current assets		184,500
Revenue reserves	215,000				
Proposed Ordinary dividend	10,000				
Current liabilities	175,000				
		<hr/> <hr/> £500,000			<hr/> <hr/> £500,000

#### Notes:

- (a) Y Ltd. has included the proportion of the proposed Ordinary dividend of Z Ltd. attributable to itself in its current assets.
- (b) The balance of the revenue reserves of Z Ltd. at September 1, 1952, was £237,000; the capital structure was unchanged.

In computing the balance sheet of Y Ltd. and its subsidiary Z Ltd., there would, except for the omission of the capital and reserves of the subsidiary, be few adjustments necessary at the date of acquisition if the holding company had acquired the whole of the Ordinary capital, as after eliminating inter-company transactions the net assets would be incorporated into the balance sheet of Y Ltd., and any excess of net assets over cost of the shares would represent a capital reserve. Conversely, an excess of cost over net assets value would be shown as goodwill.

*(To be concluded.)*

#### THE VERIFICATION OF PATENTS

The fees for renewal of patents stated in the Student's Columns on page 32 of our January issue were increased by the Patents (Amendment) Rules, 1955 (Statutory Instruments 1955, No. 117, H.M. Stationery Office, price 1s. 9d. net).

The fees for the fifth and sixth years remain unchanged at £5 and £6 respectively, but after that they become: seventh year, £8; eighth year, £10; ninth, £12; tenth, £14; eleventh, £16; twelfth, £17; thirteenth, £18; fourteenth, £19; fifteenth, £20; remainder of term, £20.

## Notices

A further clerical salaries analysis is to be made in March by the **Office Management Association**, 58 Victoria Street, London, S.W.1. Similar surveys have been made at intervals of two years since 1946. It is hoped to obtain statistics representative of the main divisions of industry and commerce in different areas. Employers willing to co-operate are asked to write to the Association.

**A Course on Management Accounting** will be held by the Regent Street Polytechnic on one afternoon a week from 2 p.m. to 5 p.m., starting on February 23. Enquiries and applications for enrolment should be addressed to the Registrar of the Department Studies at St. Katharine's House, 194 Albany Street, London, N.W.1.

What is described as the first group of its kind in the world has been set up under the name of **Automation Consultants and Associates Ltd.**, to investigate and advise upon the introduction of automation in factories and offices, in the fields of production, administration, marketing and human relations. Sir Walter Puckey is the chairman.

The **Industrial Advisory Service** of the National Union of Manufacturers, set up in 1953 under American conditional aid, is being expanded and made permanent. The Industrial Adviser is available to visit any business that either has a particular problem in management or production organisation or desires an independent report on improving productivity or reducing costs. A team of industrial assistants of the National Union is also available for short-term assignments to help raise to productivity and reduce costs, mainly through work study.

An **International Productivity Essay Prize Competition** is being run by the European Productivity Agency, in the United Kingdom with the co-operation of the British Productivity Council. Essays, by students attending courses in industrial or technical subjects and under 27 at the end of last year, should describe "how a significant increase in productivity has been achieved in some specific plant, firm or organisation through the introduction of new methods or the use of special techniques." Essays must be submitted by March 7, 1956. The prizes, of which there will be five for British competitors, will be a visit to Paris and a tour of about ten days to at least one European country.

**Industrial Accountancy Partnership Limited** of 39 Park Street, London, W.1., are

developing an invention in punched cards and electronic computers enabling a printed record, such as a customer's receipt in a retail store, to be issued at the point of sale, while recording the printed information by punched holes in a paper tape. The date, assistant number, department number and similar information is also recorded automatically. Adaptations in other directions are contemplated. For time clock records the paper tape may be subsequently translated without clerical labour into punched cards for financial or cost accountancy purposes or for feeding information into electronic computers. The distinguishing feature is that the basic mechanical principle makes it possible for the punches to be produced very cheaply, so that the capital investment is not very high. The Co-operative Wholesale Society have acquired a substantial proportion of the Ordinary shares of Industrial Partnership Limited and have agreed to make available additional finance.

A new method of producing statements and cheques by punched cards, 300 in an hour, is being operated by Shell Petroleum. It was developed in conjunction with **International Business Machines, Ltd.** A specially adapted machine is fed with punched cards, representing suppliers' invoices and credit notes, and names and addresses. The machine then prints a supplier's statement and a cheque showing his name and address and the amount in figures and words. The statement gives details of the invoices covered by the cheque and its total amount. The system embodies an automatic method of converting figures into words on cheques, used for the first time in this country.

**George Anson & Co. Ltd.**, office machine manufacturers, announce the opening of a new branch office at 59 Grey Street, Newcastle upon Tyne, 1.

Bracken Hill House, the hostel at Northwood maintained by the **British Rheumatic Association** (see ACCOUNTANCY, October, 1955, page 366) has been registered as a nursing home. Subscribers to the British United Provident Association and similar organisations can therefore claim the cost of staying there as a benefit.

The new headquarters of the **Corporation of Secretaries** at Devonshire House, Devonshire Street, W.1, are to be opened by the Rt. Hon. The Lord Mayor of London, Alderman Cuthbert Ackroyd, on February 3. Mr. F. H. J. Wileman, LL.B., F.R.S.A., F.C.C.S., has relinquished a senior executive appointment in the established Civil Service to take over the secretaryship of the Corporation from Mr. G. R. Drysdale, F.C.C.S., F.A.C.C.A., who has been appointed director.

The following meetings will be held in February by the **Accountants' Christian Fellowship**:

*February 6.* Meeting for Bible reading and prayer. St. Mary Woolnoth Church, King William Street, London, E.C.3, at 6 p.m.

*February 24.* Film, *Time and Eternity*, followed by the annual general meeting of the Fellowship. Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, at 6 p.m.

A series of lectures intended for business and professional men who are, or are likely to be, engaged in **new issues** operations on behalf of joint stock companies will be held at the City of London College, Moorgate, London, E.C.2, on the following dates, at 5.30 p.m.

*February 15:* "Capital Requirements and Sources."

*February 22:* "Issuing House Procedure."

*February 29:* "Accountants' and Auditors' Reports."

*March 7:* "Stock Exchange Procedure."

*March 14:* "Work of the Solicitor to the Issue."

*March 21:* "Company Secretarial and Registration Work."

The lecturers have outstanding experience and responsibility in this branch of corporate finance. The fee for the course, or any part thereof, is £2 2s., and enrolment forms may be obtained from the Secretary of the College.

### IMPORTANT ANNOUNCEMENT BY H. FOULKS LYNCH & CO

Owing to the continued expansion of the accountancy profession and the increasing demand for our services, additions to the Tutorial Staff have become desirable. Applications from qualified accountants are invited under the following headings:

(a) **Full-time Tutors** for appointment to the salaried staff participating in a pension scheme. Commencing salary will be based on qualifications and experience. Ability to lecture is not essential though desirable. The prospects are excellent.

(b) **Part-time Tutors** and lecturers. Remuneration is on a daily or hourly basis and the appointments are very suitable for young practitioners.

Applications should be addressed to the Managing Directors, H. Foulks Lynch & Co Ltd, 80A Coleman Street, London EC2, and state date of qualifying and details of professional and any tutorial experience.

# THE SOCIETY OF Incorporated Accountants

## The Training of Judgment

**MR. R. L. REID**, President of the Irish Branch of the Society, presided over a dinner held at the Royal Hibernian Hotel, Dublin, on December 3. The guests included the Lord Mayor of Dublin (Councillor Denis Larkin, T.D.); Sir Basil Goulding, Bart.; The Hon. Mr. Justice Lavery; Mr. Bertram Nelson (President of the Society of Incorporated Accountants) and Mr. I. A. F. Craig (Secretary); Mr. John O'Brien (Director-General of the Federated Union of Employees); Senator E. A. McGuire; and representatives of other professional bodies.

The toast of "Ireland" having been honoured, Mr. Justice Lavery proposed the toast "Prosperity to Ireland." He said that if they could attain prosperity for their own nation it would be a contribution to the prosperity of the world as a whole. They in Ireland, he suggested, had achieved prosperity not only in the material sense, but also in no small degree in the spiritual and social sense. The British Isles must always be in a very real sense a community with a common interest, and bound together, not necessarily politically, but economically. Outside the community of interest of the British Isles, there was the common interest of the nations of the world. At one time the prosperity of a nation depended on its dominance over other nations. He did not say that time was past, but they were striving towards the ideal that the prosperity of the world—at least that part of it that was organised—was a common interest of all.

Sir Basil Goulding, Bart., responding, said the word "prosperity" tended to mean in Ireland that they could live with the same standard of comforts as the people in a neighbouring island, and that without any extra effort. Ireland had no coal and no traditional skill. England had a tremendous tradition of craftsmanship, and great power of invention in the chemical, electrical and other spheres. Success industrially in the Republic was restricted by the policy of profit control, which was called price control. The national savings had been reduced to an alarming extent. The figure of sterling assets, which at the end

of the war stood at £400 million, had now been reduced to £94 million, and at the present rate of spending would be exhausted in about three years. He felt it would be a service if these facts were conveyed to the people, but politicians, bankers and the popular Press did not wish to be the conveyors of bad tidings.

Mr. John O'Brien (Director General, Federated Union of Employers), proposed the toast of the Society of Incorporated Accountants. He said that in the short period of seventy years the Society had built up a membership of over ten thousand, and had spread itself not only in these islands but across the far seas. In his study of the activities of the Society he had been struck by the emphasis which was laid on the fundamental value of a good basic education.

In the world of to-day accountancy was an integral part of industry, and to a great extent the business of the community rested on the assistance, competence and confidence which it found in the profession of accountancy. He felt there was something fundamentally wrong in Ireland when they found that business was the target of general criticism and regulations. Between business and the Government there was a growing lack of reciprocity and of confidence. The accountancy profession was of importance in this crisis because those who wished to secure the victory of free competitive enterprise must prove their case.

Mr. Bertram Nelson (President of the Society of Incorporated Accountants), responding to the toast, expressed the good wishes of his Council for the prosperity of the industries of Ireland and of the Irish Branch of the Society. Prosperity depended partly on material things and partly on qualities of judgment. The problem of every industry and every profession was the training of judgment—a subject which was not yet systematically studied. Would that some university would inaugurate a Chair in the Philosophy and Practice of Judgment. Would that Radio Eireann would arrange a series of broadcasts starting with the judgment of quality in house-

hold goods and working up to theories of values. Since judgment (in the context of "man of judgment" or "day of judgment") was essentially the co-ordination of past experience, there were rules of development. Such rules related to the admission of error, the analysis of its causes and curative action. The process of training often started with the discovery of working principles (often moral principles) and was much helped by observing the errors of elders; hence the articled clerk system. It was important that articled clerks should work with their principals. The American Institute of Accountants was using an educational method that had great possibilities. A problem of professional conduct was fully described to some eight experienced C.P.A.'s, who then wrote their eight separate solutions, for anonymous publication. No system of examinations could train judgment and it was desirable that the accountancy profession should continually keep in mind the possibility of finding new methods.

**Mr. R. L. Reid** (President of the Irish Branch) proposed the toast of the Guests.

Senator E. A. McGuire, who responded, said the question of the cost of living was at the root of all their troubles. The political parties could do very little. The one possible course was to reduce taxation, and to curb the encroachment of the State into activities in which it should not engage.

## District Societies

### London Students' Society

THE DIRECTORS OF THE NATIONAL PROVINCIAL BANK LIMITED have kindly invited a party of twenty members of the London Students' Society to visit the bank's head office on Friday, March 23.

The visit will commence at approximately 9.15 a.m. and conclude at approximately 4.15 p.m. Members wishing to be present should apply immediately to the Secretary of the London Students' Society. Student members presenting themselves for the Final Examination in May, 1956, will receive priority; otherwise, applications will be dealt with in order of receipt.

THE DIRECTORS OF LEO COMPUTERS LIMITED have kindly agreed to a demonstration of "Leo" to a party of twenty-eight members of the London Students' Society on Wednesday, March 14.

Members attending will be required to arrive at Cadby Hall at 2 p.m., and the visit

will conclude at approximately 4 p.m. Applications should be forwarded to the Secretary of the London Students' Society without delay.

#### North Lancashire

THE ANNUAL GENERAL meeting was held on January 6.

Mr. H. Ryden, F.S.A.A., was elected President. Mr. H. Yates, F.S.A.A., and Mr. Kenneth R. Stanley, F.S.A.A., were elected Vice-Presidents. Mr. S. J. Norman, F.S.A.A.,

and Mr. J. Birtwistle, A.S.A.A., were added to the Committee.

The Honorary Secretary (Mr. Kenneth R. Stanley), Treasurer and Librarian continue in office.

#### North of England

THE ADDRESS OF Mr. J. S. A. Peffers, A.S.A.A., Honorary Secretary of the District Society, has been changed to Claremont Buildings, Eldon Place, Barras Bridge, Newcastle-upon-Tyne, 1.

## Results OF EXAMINATIONS

NOVEMBER 1955

#### FINAL EXAMINATION PARTS I AND II\*

##### Honours Candidates (4)

GIRLING, Norman (with Cassleton Elliott & Co.), Lagos, Nigeria. (*First Certificate of Merit and First Prize.*)

EDWARDS, Norman John, B.A. (with Hill, Vellacott & Co.), London. (*Second Certificate of Merit and Second Prize.*)

MARTIN, Peter Leverton (with Prior & Palmer), Nottingham. (*Third Certificate of Merit and Third Prize.*)

McCREDIE, Alan Robert (City Treasurer's Department), Coventry. (*Fourth Certificate of Merit.*)

##### Candidates Passed (227)

Accrington—HODGSON, Geoffrey William (with P. F. Pierce & Co.).

Barnsley—JAMES, Harold (with Hart, Moss, Copley & Co.).

Bath—WILKS, Freda Rickard (with Ham, Jackson & Brown).

Belfast—HARBINSON, Robert Benjamin (with Martin Shaw, Leslie & Shaw); SHAW, Francis Crawford (with H. V. Kirk, Palmer & Co.).

Birmingham—COLLINS, Paul John Viner (with Heathcote & Coleman); DAVIES, Michael John (with Russell, Durie Kerr, Watson & Co.); HALE, Douglas Alan (with Poppleton & Appleby); HARRIS, Geoffrey David (with H. Gompertz, Evans & Mason); SMALL, James Donald (with Howard Smith, Thompson & Co.); TRIGWELL, John James (with Greenhill, Pate & Co.).

Bombay—WANKADIA, Kaikushroo Vicjee, B.COM. (with S. B. Billimoria & Co.).

Bradford—WALTON, Derrick (with Armitage & Norton).

Burnley—CRABTREE, Brian (with J. H. Worsley); HACKETT, Denys Howarth (with Rawlinson, Hargreaves, Smith & Wood).

Bury St. Edmunds—FULCHER, Michael David (with Oliver Lusher & Co.).

Cambridge—TUTTY, Albert Robert (with Slater, Dominy & Swann).

Cardiff—BARTLEY, Joseph Haydn (with H. C. Hopkin); EVANS, Ernest Michael Selwyn (with T. R. Morris). EVANS, Malcolm Thomas, B.Sc.(ECON.) (with Alban & Lamb); MORRIS, Thomas Brian (with J. Wallace Williams & Co.); STAGGS, Cyril Richard (with T. R. Morris); TEAR, Ernest Roynon (Audit Department, C.W.S.).

Chester—MARTIN, Kenneth Alexander (with Walter Baird & Co.).

Cork—LAMBIKIN, Frederick Paschal, B.COM. (with C. P. McCarthy, Daly & Co.).

Coventry—WHITEHEAD, Royston Frank (with Norman Cooke & Co.).

Derby—CLIFT, David James (with Bocock, Jeffery & Co.).

Dewsbury—HILL, Jeffrey (with Walter Dawson & Son).

Douglas, I.O.M.—KARRAN, Brian (with J. B. Bolton).

Dublin—CONNOLLY, Neil Philip (with Gerald J. Moore); CROWLEY, Timothy Pearse, B.A., B.COM. (Crowley & Co.); DUGGAN, Michael Francis Fintan, B.COM. (with M. Conlon); ELDER, Ronald Ivan

(with Craig, Gardner & Co.); HAYES, Cyril Godfrey (with Cooper & Kenny); HEALY, Liam Padraig (with R. P. J. Smyth & Co.); McCANN, Francis Paschal (with Purnell, Davenport, Tierney & Co.); MACMAHON, Patrick Oliver Plunkett, B.A. (with Niall & Co.).

Dunfermline—COLMAN, George Mowatt (with James Condie & Co.).

Edinburgh—SUTHERLAND, Angus (City Chamberlain's Department).

Exeter—GRIFFIN, Peter Stanley (with W. W. Beer, Aplin & Co.).

Folkestone—DAVIES, Alan John Frederick (with Geo. H. Chapman & Co.).

Glasgow—FLETCHER, Alexander MacPherson (with Peat, Marwick, Mitchell & Co.); FORRESTER, David (with Wm. H. Jack & Co.); McLAUCHLAN, Percy Gibson (with Cooper Brothers & Co.); PERRY, Colin Kirkpatrick (with Rolland & Pomphrey).

Goole—FEAVEARYEAR, Thomas Hedley (with G. W. Townend & Co.).

Grimsby—WALDEN, Keith (with Skaith, Beeson & Co.).

Hemel Hempstead—JOHNSON, Keith James (with Hillier, Hopkins & Co.).

Huddersfield—HOWARTH, Raymond (with Kaye & Wood).

Hull—PATTISON, Donald Graham (with R. E. Moss & Co.); RICHARDSON, Geoffrey (with Tranmer, Raine & Jarratt).

Kendal—CHADWICK, Maurice William (with Lowe & Whitwell); GARSDIE, John Frederick (with W. H. Stables).

Kilmarnock—ROBERTSON, James Rigg (Town Chamberlain's Department).

Kingston-upon-Thames—MACKIE, Clive David (with Graves, Pond & Co.).

Leeds—COGGINGS, Joe (with Whinney, Smith & Whinney); COOPER, Denis (with Beavers & Adgie); HARGREAVES, Anthony Paul (with A. Barr & Co.); HARTLEY, Peter Kendrick (with J. Sochall & Co.); MILLER, Derek (with Starkie & Naylor); PARKIN, Peter Derek (with Scott, Firth & Shaw).

Leicester—HALL, Philip Arthur (with Wykes & Co.); MARVELL, Barry (with F. W. Clarke & Co.); RIGBY, John Alan (with Baker & Co.); WATSON, Frederick Ernest (with Watson & Tebbet); WELLS, David Roy (with Hopps & Bankart).

Lincoln—LEIGH, Kenneth Bruce (with J. S. Streets & Co.); SKINNER, John (with J. Nicholson & Co.).

Liverpool—COUSINS, John Joseph (with

	FINAL	HONOURS			PRELIMINARY		
		INTERMEDIATE	8	FINAL	1		
	4						
		Parts I & II	Part I	Part II	Inter- mediate	Pre- liminary	Modified Pre- liminary
Candidates passed	..	12	220	212	288	30	20
Candidates Failed	..	29	353	113	343	67	17

9 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part I only.

9 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part II only.

\*This list includes the names of candidates who had previously satisfied the Examiners in one Part, and have now completed the Final Examination by passing the other Part.



## " I bought it for three very good reasons . . . "

Business people always buy for good reasons - and at least one out of five buy Kalamazoo Copy-Writer Wages System because a friend, or colleague, using it already, urged him to do so ! The striking fact, that this Kalamazoo system is so often sold entirely by recommendation, proves its excellence.

This user recommended Kalamazoo because it overcame these difficulties :-

- it satisfied Employees and the Union about all deductions from wages,
- it overcame clerical shortage difficulties,
- it eliminated errors.

There **could** have been half-a-dozen other reasons as well.  
Post the coupon and get them all.

To Kalamazoo Ltd., Birmingham, 31.  
Please give me full information about the  
'Copy-Writer' Wages System, without obligation on  
my part.

Name .....  
Firm .....  
Address .....

AC

# Kalamazoo

**copy-writer saves the day**

# BARCLAYS BANK LIMITED

## A Favourable Overall Result

### IMPORTANT DEVELOPMENT IN CANADA

#### Mr. A. W. Tuke's Statement

The Annual General Meeting for the year 1956 of the Stockholders will be held at the Head Office of the Bank, 54, Lombard Street, London, E.C.3, on Thursday, 9th February, 1956.

Capital Issued £22,914,703: Reserve Fund £17,750,000: Current Deposit and other Accounts £1,390,036,409 (1954—£1,439,930,557)	
Advances £358,307,384 (1954—£388,808,982)	
Investments £447,145,207 (1954—£511,220,779)	
Net Profit £2,645,381 (1954—£2,549,399)	

The following is an extract from the statement of the Chairman, Mr. Anthony William Tuke, circulated to the Stockholders:—

#### Profits in 1955

The profits of the Bank are slightly higher on balance than a year ago, and the Board are recommending the same dividends as for 1954. Our profits have been affected by the increase in the price of money during 1955, but whilst this may be expected to produce increased gross profits, it reflects an unbalanced economy and tends to bring awkward problems in its train. The active steps which we had to take to reduce our advances have inevitably reduced our profit-earning capacity. They did not, however, begin to take effect until the second half of the year, and as the influence of dearer money began to operate early in the year, and as rather less provision has to be made for tax, the net outcome is rather more favourable than last year. This result has been achieved in spite of the fact that there has been a heavy increase in our expenses due to an extensive reorganisation of our salary structure which we undertook early in the year. The Board were satisfied that this was a proper step for them to take in justice to the legitimate needs of the staff, and the resultant increases, together with the consequential pension provision, would have been much more noticeable in our accounts if they had not occurred in a year when gross income happened to be abnormally buoyant.

#### Balance Sheet Figures

Turning to the Balance Sheet, I must first call attention to the reference in the Directors' Report to the small addition to our issued capital in the form of Staff stock. Stockholders will be aware that many years ago we instituted a scheme of issuing a limited number of shares on special terms to members of our staff. For some time past the demand has exceeded the available supply and although it is not possible to deal with the problem comprehensively we have been glad to take advantage of the statutory exemption relating to new issues of capital of £50,000 or less to make a further offer of Staff shares of an amount which will be almost sufficient to dispose of the existing waiting list. The effect of this issue does not appear in the Balance Sheet which is now submitted to the Stockholders because the new capital had not been allotted by 31st December

last, but future Statements of our Accounts will show the effect of this operation.

Our Deposits at the year end are lower by nearly £50,000,000 than a year earlier. On the average throughout the year they have been maintained at figures slightly in excess of the corresponding average for 1954, and in this respect we seem to have been rather more fortunate than the general run of the Clearing Banks. We have been able to maintain our liquidity ratio without undue inconvenience. We built up our ratio to 37.87 per cent. by the end of the year, and have thus prepared ourselves to face the contraction in deposits and bank cash which always occurs in the first three months of the year, and which, in spite of the reduction in the standard rate of income tax, is likely to be severe this time because of the buoyant profits of industry and commerce. We shall not, however, be able to look with favour, in present conditions, on proposals by customers to borrow additional money to meet these obligations.

Our Investments show a marked fall on the year, as a direct consequence of the contraction of credit. When the squeeze began to develop in the early part of the year we sold a considerable block of our shortest-dated investments, which would by this time have been redeemed in any case. We have also taken advantage of the conditions prevailing to carry out certain exchanges designed to improve the balance of our portfolio, without increasing its average maturity. As is well known, there has been a heavy fall during the past year in the market quotations for securities of the class which we hold, but we regard this as of passing interest only and, as on former occasions, we do not think it necessary to immobilise inner reserves by making any further specific provision against it.

Our Advances, in spite of the reduction in the last few months, show a substantial increase on the average of the monthly figures as compared with 1954, and the average yield is probably about 10s. per cent. higher. This has helped to offset a reduced income from our Investments at their lower level, but with Advances now showing a downward trend we cannot expect to be so fortunate in this respect in 1956.

#### Amalgamation in Canada

There has been during the year an important development of our interests in Canada. Stockholders will be aware that in 1929 we obtained a charter from the Canadian Government to open a bank in that country, to be known as Barclays Bank (Canada), and to be owned jointly by Barclays Bank Limited and Barclays Bank D.C.O. This bank has made steady progress during the quarter of a century which has elapsed since it started. While it is never easy for a new bank, starting from scratch, to make headway, Barclays Bank (Canada), after the first few years, has consistently made profits notwithstanding the heavy cost of opening new branches from time to time, but it has not been possible to open branches quickly enough to offer the full banking service throughout Canada which our customers in this country and elsewhere require. This has been partly due to war conditions and also to the dollar shortage which has remained with us

ever since the outbreak of war. In these circumstances, we decided to seek an alliance with an old established Canadian bank having a full branch system throughout the country, and we were fortunate in being able to come to satisfactory terms for an amalgamation with the Imperial Bank of Canada in which we had already acquired a considerable shareholding. This bank has a reputation which is second to none in Canada, and it has been making remarkable progress in recent years, thanks, I believe, to the quality of its services to its customers. In thus improving the service which we can offer to our customers we have greatly extended our investment in Canada and our hope of participation in the growth of its industrial and commercial prosperity. We shall also be able to offer to the customers of the Imperial Bank the full services of our own organisation not only in this country but in the many territories overseas in which our group of banks is represented. We look forward to the steady development of this partnership to our mutual benefit. So far as our Balance Sheet is concerned, although our total shareholding in the Imperial Bank will represent a minority interest, the shares which we shall receive in exchange for our holding in Barclays Bank (Canada) will still appear as part of the item "Other Subsidiaries" as they will be, for convenience, held by an intervening subsidiary company registered in Canada. There will thus be no change in the appearance of our Balance Sheet as a result of the amalgamation.

#### Restrictions on Capital Expenditure

Our Premises Account shows an increase on the year of £1,150,000, compared with £700,000 a year ago. Since the restrictions on private building were removed we have concentrated our attention on making up the leeway in development, modernisation and redecoration which had accumulated during the war and during the sterile years which followed it. At first sight, however, it is rather surprising to find this considerable increase this year, seeing that in July last, in common with certain other banks, we decided, as our own contribution to the restriction of capital expenditure, to cut down or postpone all new projects for the rebuilding and extension and even the redecoration of our premises. There was, however, and there still remains much work in the pipe-line and the figures which I have quoted illustrate aptly the need to take decisions in good time when making changes in financial and monetary policy. On the other hand, if comparison is made between the 1954 and 1955 figures for outstanding contracts, it will be found that there is a reduction from £908,789 to £837,718, which shows that the action initiated in July last has begun to take effect. Thus the Bank is playing its own part in reducing the demand on labour and materials, as well as imposing on its customers restrictions to the same end, which are very distasteful to both parties.

*Copies of the Directors' Report containing the full text of the Chairman's Statement may be obtained from Barclays Bank Limited, Room 164, 54, Lombard Street, London, E.C.3.*

Satterthwaite & Pomfret); HANNAH, John (formerly with John Airey & Co.); NOONAN, Norman Thornton (with Charles E. Dolby & Son); PEERS, Clive Ewart (with Blease & Sons); TIMOTHY, Edward Herbert (with Duncan, Watson & Short).

**London**—ARIES, David Joseph (with Holden, Howard & Co.); BAKER, Eric Albert (Port of London Authority); BENNETT, Leonard James (with Singleton, Fabian & Co.); BINGHAM, Ronald Bruce (with Lord, Foster & Co.); BIRCHALL, Arthur George Horace (formerly with Edward Myers, Clark & Co.); BOULTON, Robert Harold (with Hodgson, Harris & Co.); BOWYER, Roy Frederick (with Painter, Mayne & Walker); BUTLER, Arthur Archie Llewellyn (with Chalmers, Wade & Co.); CARPENTER, Roland John (with Creasey, Son & Wickenden); CARR, Raymond Harold (with Pridie, Brewster & Gold); CARTWRIGHT, Arthur Frederick George (with Tansley Witt & Co.); CHALK, John Leslie (with Allan, Charlesworth & Co.); CHARITY, Michael Skelton (with Deloitte, Plender, Griffiths & Co.); CHASTON, Peter Harding (with Peat, Marwick, Mitchell & Co.); COLLINS, Leonard Horace (with Hogg, Bullimore & Co.); COPELAND, John Sinclair (with Lewis Golden & Co.); COWAN, Alan (with Viney, Price & Goodyear); COX, John Charles Wormleighton (with Cooper Brothers & Co.); CRABB, Denis John (Forestry Commission); CRANE, Robert Ewart Montague (with Crane, Houghton & Crane); DUNKERTON, Henry John (with Price Waterhouse & Co.); EVERITT, Alan William (with Charles Wakeling & Co.); GERRELL, James Gordon (with Deloitte, Plender, Griffiths & Co.); GWILT, Donald Thomas (with Baker, Sutton & Co.); HALL, Robert John George (with Barton, Mayhew & Co.); HALSE, Michael Norman Joseph (with Cassleton Elliott & Co.); HARTLEY, Neville (with Jones, Ross, Howell & Co.); HAYDEN, Kenneth Frederick (with Viney, Price & Goodyear); HEDGES, John Bernard (with Deloitte, Plender, Griffiths & Co.); HOPES, Clifford Byles (with Brown, Peet & Tilly); HOWARD, William (with R. H. Munro & Co.); HUTCHINSON, Ian Hay (with Kay, Keeping & Co.); I'ANSON, Alan Edwin (with Cash, Stone & Co.); JONES, Derek (with Moores, Carson & Watson); KATTAU, Arthur (with Bowker, Orford & Co.); KEW, Nellie Louisa (with de Paula, Turner, Lake & Co.); KOSKY, Anthony Hyman (with A. E. Quaife & Gower); LANGFORD, Dennis (with Sewell, Hutchinson & Co.); LAWRENCE, John (with Walter J. H. Wilsher); LAWRENCE, Roy Donald (with Crew, Turnbull & Co.); Leverett, Hugh Arthur, B.A. (with Deloitte, Plender, Griffiths & Co.); LLOYD, Norman Albert (with Daniel Mahony, Taylor & Co.); MACDONALD, James Keith (with Muir, Moody & Co.); MCHUGH, Peter William (with Peat, Marwick, Mitchell & Co.); MARKHAM, Kerridge (formerly with Spicer & Pegler); MERRY, Charles (with Peat, Marwick, Mitchell & Co.); MEYER, Richard Edward (with Farrow, Bersey, Gain, Vin-

cent & Co.); MOORCRAFT, Ronald Gordon (with Wilson, Davis & Co.); MORTIMER, Alfred Burton (with Spicer & Pegler); NORDEN, Geoffrey Robert (with Luff, Smith & Co.); NORMAN, Harold Alfred (with Wood, Albery & Co.); NORRIS, John Charles (with Smith, Blyth & Co.); O'NEILL, Collingwood Arthur (with Duck, Mansfield & Co.); PARKS, Stanley William (with Spicer & Pegler); PAYNE, John Ernest (with W. H. Payne & Co.); POTTER, Graham Oscar (with Harvey Preen & Co.); REEVE, Jonathan (with Casson, Beckman, Rutley & Co.); RIDDINGTON, Derek Walter (with Prince, Simon & Co.); RISELEY, Clifford Frederick (with Croft, May & Co.); ROBINSON, Peter (with Harold Kelly & Co.); ROWLAND, Reginald Stanley (with H. A. Parfitt & Co.); RUBIENSKI, Wladyslaw Aleksander (with J. H. Champness, Corde-roy, Beesley & Co.); RUSH, Andrew Calvert (with J. Dix Lewis, Caesar, Duncan & Co.); RUSSELL, Peter Sydney (with Blakemore, Elgar & Co.); SCOOLES, Roy Ernest (with Morison, Rutherford & Co.); SHADRAKE, Donald Clive (with Bromhead, Foster & Co.); SHEARS, William Charles (with Creasey, Son & Wickenden); SIMPSON, David, B.COM. (with Spicer & Pegler); SMITH, Ronald John (with Peat, Marwick, Mitchell & Co.); SPARKES, Dennis Alfred William (formerly with Lawrence Fink & Co.); STICKLAND, Alfred Francis (with Bernard Phillips & Co.); STOKES, Albert Frederick (with Dixon, Wilson, Tubbs & Gillett); TAYLOR, John Edward (with Frank A. Cooper & Co.); THOMPSON, Frank Edwin (with J. E. Denney, Bogle & Co.); THORPE, Reginald Harry (with Spiro, Sargent & Co.); TITMARSH, Albert James (with Deloitte, Plender, Griffiths & Co.); TOMLIN, Peter John (with Simpson, Wreford & Co.); TOOLE, Pat Edward (with Gilbert Allen & Co.); TURNER, Jean Faith (with Wright, Fairbrother & Steel); TYLER, Frederick William (with Dunn, Wylie & Co.); WALTER, John Allen, B.SC. (ECON.) (Registry of Friendly Societies); WELLAND, John Francis (with Deloitte, Plender, Griffiths & Co.); WESTBROOK, David Edwin (with Elles, Reeve & Co.); WISE, Jack (with Nyman Libson & Co.).

**Loughborough**— PILSBURY, John (with Herbert Godkin & Co.).

**Luton**—BROWN, Peter Geoffrey (with Godfrey, Laws & Co.); PARROTT, Brian Michael (with Godfrey, Laws & Co.).

**Manchester**—BAGNALL, James (with Alfred Nixon, Son & Turner); BIRD, William (Ministry of Housing and Local Government); BOWER, John Russell Mackay (with Deloitte, Plender, Griffiths & Co.); CONLEN, James (with Alfred G. Deacon & Co.); DAVISON, John Arnold (Board of Trade); GILBERT, Alan Clifton (with Alfred Nixon, Son & Turner); HAGUE, Terence Alan (with Campbell, Toulmin & Co.); HODCROFT, Derek Wilfred (with Jones, Crewdon & Youatt); HOLMES, Eric (with Shuttleworth & Haworth); LAMB, Thomas (with Alfred Nixon, Son & Turner); NIXON, Neville John (with John H. Nixon & Co.); STRONG, Harry (with Knowles, Herring & Co.);

**WYATT**, Wilfred Lynn, B.A.(ECON.) (with Alfred Nixon, Son & Turner).

**Middlesbrough**— HEAP, John Peter Wilkinson (with C. Percy Barrowcliff & Co.); RICKARDS, James (with Peat, Marwick, Mitchell & Co.); YORKE, William (with George C. Wilkinson & Co.).

**New Barnet**—HEASE, John Reginald (Deputy Treasurer, East Barnet U.D.C.).

**Newbury**—DODRIDGE, Dennis Olphert (with James & Cowper).

**Newcastle-upon-Tyne**—BENJAMIN, Theodore Toby, B.COM (with Price Waterhouse & Co.); THOBURN, William John (with Thomas Rodger & Co.); TWADDLE, William Simon (with Greaves & Co.).

**Newport, Mon.**—FOUND, Dennis William Arthur (with Lucian J. Brown and Notley); KIMPTON, Alan Stewart (with Kimpton, Holland & Co.).

**Newquay**—JAMES, William John (with James Christie & Co.).

**Norwich**—GARNER, Bernard Roger (with Harper-Smith, Moore & Co.).

**Nottingham**—ARCHER, Eric Charles (with Mellors, Basden & Mellors); BAILEY, Raymond William (with Boaler, Flint & Hurt); BASTON, Leonard Alfred John (with F. C. R. Moule); BEASLEY, Michael Charles, B.SC. (County Treasurer's Department); BROWN, Robert (with Peat, Marwick, Mitchell & Co.); HARTWELL, William Edwin Francis (with T. W. Morton & Son); HAZARD, Roy Thomas (with Carlisle, Ray & Co.); NORTH, Brian Samuel (with Burrows & White); NORTHFIELD, Ephraim John (with H. G. Ellis, Kennewell & Co.); WAKEFIELD, Jack, B.A. (City Treasurer's Department); YOUNG, David Frank (with Stanley Wallis & Co.).

**Paignton**—HARDING, Michael John (with Bishop, Fleming & Co.).

**Plymouth**—STARK, David John (with A. J. Northcott, Lyddon & Co.).

**Portsmouth**—ENGLAND, Harry (with J. V. Couzens).

**Rochdale**—WHITAKER, Henry (County Borough Treasurer's Department).

**St. Albans**—GARRETT, John (with Rance & Duncombe).

**Sheffield**—BEASLEY, Derick Gordon (with Poppleton & Appleby); CARTLEDGE, Derek (with W. G. Hawson, Wing & Co.); CHOPPING, Joseph (with Cooper Brothers & Co.); EMMITT, Raymond Linskill (with Cooper Brothers & Co.); FIELDSEND, Lawrence (with Kirkman, Manning & Kay); ROBINSON, Keith (with John Watson, Sons & Wheatcroft); STRINGFELLOW, Kenneth Copeland (with W. G. Hawson, Wing & Co.); WILKINSON, Lancelot Ian, B.A. (with Wells, Richardson & Co.).

**Shrewsbury**—LEADER, Kenneth Eric (with Harper, Kent & Wheeler); PARKER, Eric Wilson (with Harper, Kent & Wheeler).

**Sligo**—BYRNE, Terence James (formerly with McNutt, McLarnon & Hamilton).

**Southampton**—RADFORD, Michael Gordon Victor (with Radford, McColl & Co.); REYNOLDS, John Carl (with C. R. Foot, Fox & Co.).

**South Shields**—FORSTER, William Joseph (Borough Treasurer's Department).

**Spalding**—SHARP, Leslie Norman (with Arnold Smith & Co.).

**Stafford**—BRADFORD, Peter Stanley (with Dean & Son).

**Stockton - on - Tees**—JACKSON, Paul Michael Teal (with Sherwood, Baines & Co.).

**Stroud**—VINES, Godfrey Edward (with S. J. Dudbridge & Sons).

**Sunderland**—LAWSON, William (with Laverick, Walton & Co.).

**Surbiton**—NEVILLE, Robert Hood (with C. McDonald & Co.).

**Sutton**—SPINKS, Bernard Charles Albert (with Geo. H. Jackson & Co.).

**Wakefield**—MIDGLEY, Roy Edward (with Harold Guy).

**Wellingborough**—ORTON, Maurice Henry (with James & Sanders).

**Wolverhampton**—CROWTHER, Raymond Devney (formerly with T. E. Lowe & Co.); EVANS, George Henry (with R. Harold Hughes & Co.); GILBERT, Malcolm Henry (with W. Vincent Vale & Co.).

#### INTERMEDIATE EXAMINATION

##### Honours Candidates (8)

INGS, Frank Ernest (with Ware, Ward & Co.), Bristol. (*First Certificate of Merit and First Prize.*)

JACKSON, Robert David (with Gordon Hawley & Co.), London. (*Second Certificate of Merit and Second Prize.*)

PAYNE, Kenneth Edward Cyril (with B. Grugeon & Co.), Bromley. (*Third Certificate of Merit and Third Prize.*)

BAZAR, Adrian (with Price Waterhouse & Co.), London. (*Fourth Certificate of Merit.*)

STRINGER, George (with W. Anderson & Co.), Liverpool. (*Fifth Certificate of Merit.*)

CROSBIE, Terence Marley (with W. A. Deevy & Co.), Waterford. (*Sixth Certificate of Merit.*)

CHAKRABORTTI, Amal Chandra, B.COM. (formerly with S. R. Batliboi & Co.), Calcutta, India. (*Seventh Certificate of Merit.*)

HART, Nicholas Colin Priestley (with Keens, Shay, Keens & Co.), Hitchin. (*Eighth Certificate of Merit.*)

##### Candidates Passed (280)

Abergele—DAVIES, Ian Penketh (with K. H. A. Knight).

Accra, + Gold Coast—COLE, Dennis Anthony Patrick (with Pannell, Crewdson & Hardy).

Bacup—HORTON, Peter (with J. H. Lord & Co.).

Bath—POLSON, Alexander Ferguson (with Mundy, Brewer & Johnson).

Bedford—CHAPMAN, John (with Keens, Shay, Keens & Co.); DAVEY, Ronald John (with Parrott & Co.).

Belfast—HOWARD, Thomas Lennox (with Stanley Woods, McIlveen & Co.); McAULEY, Edward (with James Baird & Co.); PITTR, Howard Holden (with Olver & Spence); SCOTT, Laurence (with James A. Winnington & Co.); SHAW, Desmond

Johnston, B.A. (with James Baird & Co.); TREACY, Austin Sibbald (with Hill, Vellacott & Bailey).

Birmingham—AMOS, Alan Leonard (with Edward K. Hill & Co.); CORCORAN, John Bellamy (with W. R. Lane, Son & Riley); MATTHEWS, Donald Ivor, LL.B. (with Percy G. Stemberger & Co.); ROSS, David (with Griffin & Co.).

Blackburn—FOREMAN, Peter (with R. Smith & Co.); HOGGETT, Brian Francis (with Harry Ryden & Co.); WHITTAKER, Alan (with W. Ainsworth & Co.).

Bletchley—WILLIAMSON, Clive (with Keens, Shay, Keens & Co.).

Bournemouth—COPPERTHWAITE, David John (with C. R. Blissett & Co.).

Bradford—CARBINE, Donald (with W. Claridge & Co.); HIRD, Alan John (with Rushworth, Ingham & Rhodes); LUMB, Charles David (with Firth, Parish & Clarke); PEARCE, Reginald Herbert James (with Firth, Parish & Clarke); WARD, Jack (with Peat, Marwick, Mitchell & Co.); WOOD, Charles Raymond (with Wade Hustwick & Sons).

Bridgend—YOUNG, John Malcolm (with Tudor Davies, Down & Co.).

Bridgnorth—WEIR, John Blades (with Wall & Co.).

Bristol—ADAMS, Alan Edward (with Solomon Hare & Co.); BUTLER, Ernest James (with Curtis, Jenkins, Cornwell & Co.); SEAMAN, Kenneth William (with W. H. Grigg & Perkins); SNELL, Derek Charles (with Curtis, Jenkins, Cornwell & Co.).

Brussels—BARLOW, Gerald Royle (with Price Waterhouse & Co.).

Burnley—MAUDSLEY, Harold William (with Ashworth, Moulds & Co.).

Cambridge—HEWETT, Patrick Francis (with Slater, Dominy & Swann); HOCKLEY, Ronald William (with Peters, Elworthy & Moore); WALLIS, Ivan Arthur (with Slater, Dominy & Swann).

Cardiff—BOWEN-BRAVERY, Bryan (with Ross, Jones & Co.); DAWSON, Peter Baines, B.COM. (with Henderson, Griffiths & Co.); INGLIS, Donald Ian Wood (with Jones, Robathan, Thompson & Co.); PARFITT, Derek Conrad (with Henderson, Griffiths & Co.); ROBLIN, John Anthony (with Sweeting, Pearce & Co.); THOMAS, Cerdwen Edith Mary Hicks (with J. Wallace Williams & Co.); THOMAS, Lawrence Barry (with W. G. & D. G. Evans).

Carlisle—ASHBURNER, Kenneth Sheffield (with E. J. Williams & Co.); BAINBRIDGE, Godfrey Henry (with John E. Coppock); GRAHAM, Brian Spencer (with John E. Coppock).

Chelmsford—COLLINS, James Weston (with E. S. Polkinghorne & Son.).

Chester—LIGHTFOOT, Peter Campbell Herbert (with Walter Baird & Co.).

Clacton-on-Sea—HARDLESS, Alan Cedric (with Norfolk, Pawsey & Co.).

Coalville—VESTY, John Edwin (with Elverstone, Marsh & Co.).

Cork—BLANC, Patrick Joseph (with Atkins, Chirnside & Co.); ELWOOD, John Charles (with Atkins, Chirnside & Co.); SHEEHY, Matthew Gerard (with Kirby &

Kirby).

Coventry—BRIGGS, Graham Ernest (with Chaplin, Hall & Co.); SIMMS, Richard Henry (with Deacon, Guild & Co.).

Dacc, E. Pakistan—RAHMAN, Rezaur (formerly with Mirza M. Hossain & Co.).

Derby—SEALE, Michael John (with H. R. Horne & Partners).

Doncaster—HOPE, Brian (with Hope, Buckenham & Co.); KNAPTON, Anthony William (with Alfred F. Girling).

Dorchester—TREVETT, Bernard (with Edwards & Edwards).

Douglas, I.O.M.—COVE, Vincent Raymond (with Albert Hill & Co.).

Dublin—COOKE, Eric Samuel (with J. A. Kinnear & Co.); KILROY, Howard Edward (with J. A. Kinnear & Co.); McGOVERN, Thomas Kieran (with Craig, Gardner & Co.); MOLLOY, William Dominic (formerly with Purtill & Co.); MULLARNEY, James (with John Woods & Co.); O'RAHILLY, Colm Aloysius (with John Woods & Co.).

Exeter—SANDERS, Michael Dudley (with W. W. Beer, Aplin & Co.); UDALL, William Horace Trevor (with J. Reddaway).

Falkirk—SMART, James Clark (with Festus Moffat & Co.).

Glasgow—STEWART, Colin Thomas (with Alex. M. Shaw & Co.); THOMPSON, Graham Leonard (with Wm. H. Jack & Co.).

Gloucester—MEREDITH, Keith Thomas (with Nicholls & Jefferson).

Grimsby—DAVIES, Peter (with A. Wroot & Son).

Hastings—INGRAM, William Robert (with Gibbons & Mitchell).

Huddersfield—HILL, David Layland (with Wheawill & Sudworth); SANDLAND, John (with Armitage & Norton).

Hull—BROMFIELD, Allan (with Hodgson, Harris & Co.); HEWSON, James Peter (with Hodgson, Harris & Co.); LOWE, Phillip (with Goldie, Campbell & Robins).

Kampala, Uganda—PAULDEN, James Lawrence (Accountant General's Department).

Keighley—CATTERALL, Alan Stewart (with Wm. Robertshaw & Myers).

Kettering—KNIGHT, Philip John (with Hodge & Baxter).

Leeds—BOWMAN, Keith Raymond (with W. L. Gallant & Co.); COLCLOUGH, Neil Austin (with Harold Hudson & Co.); CRAWLEY, John Terence (with Scott, Firth & Shaw); DEAN, Keith Ronald (with Whitfield & Co.); HOLDING, Alan Livingstone (with Theodore B. Jones & Co.); LISTER, John (with Whinney, Smith & Whinney); PARRISH, James (with Whitfield & Co.); PERKIN, Jack (with Alexander, Sagar & Co.); RICHARDSON, Terence (with Peat, Marwick, Mitchell & Co.).

Leicester—GILLET, David John (with Thomas May & Co.); HARLEY, Michael Edward (with Wykes & Co.); MOODY, John Patrick (with J. Castleman & Co.); PALMER, Barrie (with Rivington, Lawrence & Co.); PEARS, Roger Michael (with Rivington, Lawrence & Co.); STYLES, Maurice Edward (with Newby, Dove & Rhodes); TWIGGER, David Isaiah (with Wykes & Co.).

Leominster—HARTWRIGHT, Cecil George

**ALL ACCOUNTANTS SHOULD READ**

# The City Observer

ESTABLISHED 1856

**TO LEARN THE BUSINESS WORLD'S  
VIEWS AND NEWS**

## CONTENTS—JANUARY

- Higher Productivity and a Sound Pound
- Industry as a Classroom
- Flashlight on Affairs
- City Men's Bookshelf
- Round the World
- Company Reports
- City Comment

**THE CITY OBSERVER** is the monthly paper of British business, reporting on company and tax matters, financial results and accountancy problems for industry, trade, finance and commerce.

**THE CITY OBSERVER** enjoys national coverage. It is read by chairmen, directors, accountants, secretaries and top-executives in industry, trade, finance and commerce. Readers comprise members of the business hierarchy, which represents the most informed opinion and the highest income groups.

**THE CITY OBSERVER IS AN ARGOSY  
OF INFORMATION**

only 4d. each month:  
Subscription 6 sh. per annum post free.

## The City Observer

*Editorial and Advertisement Offices*

**70 BLANDFORD STREET,  
PORTMAN SQUARE, LONDON, W.I.**

TELEPHONE: WELbeck 4088

You...  
and your  
client



Today an increasing number of responsible people are turning to the professional man for advice on questions, in relation to their personal affairs, which call for up-to-date knowledge of specialised subjects.

The United Kingdom Provident is in a particularly strong position to provide you with information on all topics relating to Life Assurance. We've been in business for 115 years and our latest figures are the highest ever. Current bonus rates are 45/- and 46/- per cent per annum and they are compound.

Many professional men already act as agents for the U.K. Provident, why not you? The fullest details will be sent entirely without obligation, on hearing from you.

## UNITED KINGDOM PROVIDENT

*Competitive terms for all forms of life assurance*

*Your 'Mutual' Friend*



33, GRACECHURCH STREET, LONDON, E.C.3

Mansion House 6543 (6 lines)

## KING'S DETECTIVES

Confidential Investigations in Civil, Criminal, Commercial, and Personal cases. Observations discreetly maintained upon Suspected Persons and Premises. Internal Larcenies and cases of Fraud and Embezzlement investigated. Financial Inquiries and Investigations in Bankruptcy cases undertaken. Questioned Documents examined. Persons Traced.

**W. J. KING'S DETECTIVE BUREAU LTD.**  
65-66 CHANCERY LANE, LONDON, WC2  
**HOLborn 0343/2860** Telegrams: Kingtex, Holb, London

## Hotels and Restaurants

Since 1899 Hammersley, Kennedy & Co. have specialised in the sale and valuation of hotels and catering businesses, to the total exclusion of any other branch of estate agency. The partners are members of the leading professional bodies.

**Offices:**  
**19 HANOVER SQUARE, LONDON, W.1**  
Telephones: MAYfair 6857 and GROsvenor 4950

## Win Friends, Popularity, With Little Tricks of Everyday Talk

A well-known publisher reports there is a simple technique of everyday conversation which can pay you real dividends in both social and professional advancement and works like magic to give you added poise, self-confidence and greater popularity. The details of this method are described in a fascinating booklet, "Adventures in Conversation," sent free on request.

According to this publisher, many people do not realise how much they could influence others simply by what they say and how they say it. Whether in business, at social functions, or even in casual conversation with new acquaintances, there are ways in which you can make a good impression every time you talk.

To acquaint more readers of this journal with the easy-to-follow rules for developing skill in everyday conversation, the publishers have printed full details of their interesting self-training method in a 24-page booklet, which will be sent free to anyone who requests it. The address is: Conversation Studies (Dept. ACC/CS7), Marple, Cheshire. Enclose 2½d. stamp for postage.

## SETON TRUST LIMITED

### CAPITAL ISSUES

*The services of the Trust are at the disposal of professional advisers  
in connection with the public financing of established undertakings.*

**3 Throgmorton Avenue, London, E.C.2**

TELEPHONE: London Wall 6871-4

TELEGRAMS: Setru Stock London

(with Harold Smith & Co.).

**Lincoln**—BEE, Eric Raymond (with J. Nicholson & Co.); NORTON, John (with Harlow, Ward & Smart); O'CONNELL, John Michael (with J. Nicholson & Co.).

**Liverpool**—AUSTIN, Kenneth Robert (with J. Summerskill & Son.); CONNELL, John William (with J. W. Davidson, Cookson & Co.); GOLDBERG, Ivan (with A. T. Aspin & Co.); KERR, John Francis Edward (with H. A. F. Brookes); MACHIN, Ronald Thomas (with J. K. Douglas & Co.); RILEY, John Alan (with Simon Jude & West); SARGENT, Norman Frankham (with Langton & MacConal); SWEENEY, Francis Joseph (with Latimer & Kelsall); THOMAS, Clarence Edward (with Peat, Marwick, Mitchell & Co.); THOMSON, Gordon (with Satterthwaite & Pomfret); THORNTON, Brian (with Chalmers, Wade & Co.).

**London**—ALALADE, Evans Durodola (with Benjamin, Kay & Brummer); BARBROOK, Denis Charles (with Alexander B. Neil & Co.); BASSETT, Oliver Michael John (with Lovegrove, Prager & Co.); BEAGENT, David John (with A. E. Quaife & Gower); BUDD, John Derek (with Peat, Marwick, Mitchell & Co.); BURGER, Philip Thomas (with Clench, Hewitt & Co.); CANHAM, John Michael (with Freeman, Sutton & Co.); CARDOSI, Raoul Flordino (with Kemp, Chatteris & Co.); CARRANO, David Francis (with Howard, Howes & Co.); CAVE, Anthony Robert (with Davies Bros. & Co.); CLARKE, Peter Beverley (with Evans, Davies & Co.); COATES, Thomas Geoffrey (with Deloitte, Plender, Griffiths & Co.); COHEN, Leonard (with Lawrence D. Rose & Co.); COLE, Robert Alan (with Harold C. Wright, King & Co.); COOPER, Eric James (with Slater, Chapman & Cooke); CROWLEY, William Joseph (with Blick, Rothenberg & Noble); DANDO, Brian Harry (with Croydon & King); DAVIES, John Cameron (with Fitzwilliams & Co.); DAVIS, Stanley (with Morris, Palmer, Day & Vann); DAY, Kenneth William Arthur (with Stoy, Hayward & Co.); DAY, Leonard Henry (with Barton, Mayhew & Co.); EVERETT, William Thomas Henry (with Blakemore, Elgar & Co.); FREEDMAN, Donald (with V. S. Hockley & Co.); FRY, John (with W. Rowlands Fry & Son); GARDNER, David William Leslie (with Lomax, Clements & Co.); GINSBERG, Alan (with Edward Em. Sander & Co.); GOODWIN, George William Roy (with F. W. Hodder & Co.); GORDON, Margaret Ann (with Beatton, Hewson & Co.); HASLETT, David Francis (with Charles Wakeling & Co.); HAWKINS, Peter John (with Wright, Fairbrother & Steel); HAWKINS, Ronald Arthur (with Viney, Price & Goodyear); HILLMAN, Philip Samuel (with Shears & Gilbey); HUSSEY, Frederick Joseph, B.A., B.COM. (with Turquand, Youngs & Co.); INCE, Kenneth George (with Clements, Hakim & Co.); JASIUKOWICZ, Andrzej Stanislaw, B.COM. (with Russell & Co.); JOHNSON, Frederick Charles (with Charles Wakeling & Co.); KEARNS, Hubert Joseph Bartholomew, B.A. (with Turquand, Youngs & Co.); KING, Thomas

Francis (with Thornton & Thornton); KONDRAKIUK, Joseph Wladyslaw, I.L.M. (with Barton, Mayhew & Co.); LAMB, Maurice Ernest (with Clemons, Midgley & Co.); LEWIS, Edward Greville (with Lord, Foster & Co.); LIMBURG, Maurice Derek (with William A. J. Ling & Co.); LINE, Leslie Albert (with Hart Brothers, Drake & Co.); LITTMAN, Peter Walter, B.A. (with Smallfield, Fitzhugh, Tillett & Co.); LOCK, Edwin William (with Turquand, Youngs & Co.); LONG, Philip Lawrence, B.A. (with Deloitte, Plender, Griffiths & Co.); LUNDIE, Donald Arthur (with Hughes & Allen); LYNE, Raymond John (with Chantry, Button & Co.); MACKEROVY, Ian John (with Arthur G. Mortimer); MAHONEY, Peter Bernard (with Harvey Preen & Co.); MANNING, Frederick Clarence (with Frank A. Cooper & Co.); METSON, Denis Alwyn (with Blakemore, Elgar & Co.); MILLER, David John (with Peat, Marwick, Mitchell & Co.); MITCHELL, Brian Harold (with Goddard, Mellish & Lepine); MORRALL, Roy Yates (with Sharpe, Fairbrother & Co.); MOZELMAN, Stanley Norris (with Angus, Whiting & Co.); NEWMAN, Bryan Alfred (with Blackburn & Wilton); NEWSON, Leonard Edward (with Butler, Viney & Childs); PONT, Leonard Arthur (with Peat, Marwick, Mitchell & Co.); PRICE, Herbert Charles (with Cooper Brothers & Co.); PROWSE, Alfred William (with James Train & Co.); PURSELL, Norman Frank John (with Mellors, Basden & Co.); REID, David John (with Deloitte, Plender, Griffiths & Co.); ROGERS, William Ronald (with Hereward, Scott, Davies & Co.); RUSSELL, Alec Griffin (with H. Green & Co.); SANDERSON, Bryan (with B. de V. Hardcastle, Burton & Co.); SCRIBER, Irving David (with Daniel Rose & Co.); SCRIVEN, John Geoffrey (with Davie, Parsons & Co.); SHARPE, Ronald Frank (with Peat, Marwick, Mitchell & Co.); SIDWELL, Clifton Edward (with Tribe, Clarke, Painter, Darton & Co.); SIMSON, Kenneth David (with Deloitte, Plender, Griffiths & Co.); SPARLING, Kenneth Earl (with Singleton, Fabian & Co.); STALLEY, Ronald Charles (with Lithgow, Nelson & Co.); STANDING, Roger Edward (with J. H. Nicholass); STEPHENSON, John Nelson (with Cooper & Cooper); STOREY, Ernest Robert (with Porritt, Rainey & Co.); SUTTON, Leslie Mark (with Barker, Smiles & Co.); THOMAS, Desmond John (with Mellors, Basden & Co.); THOMAS, Stanley Alfred (with Deloitte, Plender, Griffiths & Co.); TITHERADGE, David Edward (with Pawley & Malony); TURNER, Raymond Thomas (with Patterson, Greenwood & Co.); WARD, Peter James (with R. G. Kirkpatrick & Co.); WHEELER, Gerald Joseph (with Cocke, Vellacott & Hill); WINKLER, John Lewis (with Portlock & Co.); WINTER, Edward (with Sayer, Watson & Co.); YOUNG, Eric Cecil (with Hatfield, Dixon, Roberts, Wright & Co.); ZIMMERMANN, Jacek Alfred (with Smallfield, Fitzhugh, Tillett & Co.).

**Ludlow**—HAASE, Ludwig Otto Gerhard (with Asbury, Riddell & Co.).

**Lurgan**—BROWN, Harwood (with Ernest

G. Calvert & Co.).

**Luton**—RATCLIFF, John Frederick Paul (with Lewis, Hillier & Co.); WILLIAMS, Derek (with Keens, Shay, Keens & Co.).

**Macclesfield**—WATLING, John (with Duthie, Harrison & Fox).

**Maidstone**—DRING, Geoffrey Herbert (Borough Treasurer's Department).

**Manchester**—BEAUMONT, Fred (with Thomson McLintock & Co.); CALDWELL, Harry (with Peat, Marwick, Mitchell & Co.); CLORAN, Kevin David (with Willett, Son & Garner); DAVIES, Colin Michael (with Handley, Wilde & Charlton); FELTON, Arthur (with Wilson, Martin & Co.); OGDEN, Ronald (with Edwin Guthrie & Co.); SMITH, Herbert Mark (with Handley, Wilde & Charlton); STRINGER, John Brian (with Knowles, Herring & Co.); WARBURTON, Harold (City Treasurer's Department).

**Middlesbrough**—BENNETT, Joseph (with George C. Wilkinson & Co.).

**Mitcham**—DIETRICH, Richard Edward (Borough Treasurer's Department).

**Nairobi, Kenya**—BOOTH, Malcolm Frederick (with Alexander, MacLennan, Trundell & Co.).

**Neath**—RICHARDS, Marilyn (with Jennings & Watkins).

**Newcastle upon Tyne**—BIRD, Robert Harvey (with Greaves & Co.); CHIPCHASE, John Michael (with Seddon, Magnay & Spoors); DANSKIN, Peter (with J. S. A. Peffers); FRASER, Alastair Thomas (with Seddon, Magnay & Spoors); MORTON, John (with John Mitchell & Co.); NICKALLS, Robert Wilkie (with George Lang & Co.); PEARSON, Anthony Edward (with Peat, Marwick, Mitchell & Co.).

**Newport, I.O.W.**—CROFT, Robin (with Francis W. Bright & Co.); RANN, James (with W. C. Black & Co.).

**Newport, Mon.**—PEARCE, Clive Seymour (with Walter Hunter, Bartlett, Thomas & Co.); SANGER, Malcolm John (with Lucian J. Brown & Notley); WILCOX, Brian Derek (with C. T. Stephens & Co.).

**Newton Abbot**—CRITCHLEY, Richard Frank Verdun (with Peplow & Co.).

**Northampton**—DUNKLEY, Norman Frederick (with F. Roberts & Co.); MOSER, Matthew Branthwaite (with Edward A. Woods).

**Norwich**—GORDON, Colin (City Treasurer's Department).

**Nottingham**—BRAGG, Alan Stanley (with Singleton, Carter & Co.).

**Petersfield**—BERRY, Brian Frank (with Edmonds & Co.).

**Plymouth**—REID, John Wilson (with Roberts & Pascho); SPENCER, Brian Douglas (with Gerald Holmes & Co.).

**Portsmouth**—BROWN, Elizabeth (with Arthur Daniels & Co.); GARROD, John Albert (with Morris, Crocker & Co.); JAMESON, Alexander Raymond (with Edmonds & Co.).

**Preston**—JOHNSON, Michael (with Moore & Smalley).

**Settle**—BULLOCK, Geoffrey (with Milford & Co.).

**Sheffield**—COLLINS, Ian Roger (with Sissons, Platt & Co.); JACKSON, Jerrold

(with Howell & Hanbidge); MORROW, Charles Wilson (with Wells, Richardson & Co.); TAYLOR, Neville (with Wells, Richardson & Co.); WILKINSON, David Neil (with Cooper Brothers & Co.).

**Slough**—STYLES, David Edward John (with Griffith & Miles).

**Southampton**—ASLIN, John Reginald (with Woolley & Waldron); COX, Peter Elliott (with Beal, Young & Booth); FARGHER, James Basil (with Weeks, Green & Co.); HURRELL, Colin (with Bernard Buckle, Fray & Co.); LONG, Brian (with Alfred H. Brown).

**Southport**—BINNS, David Ramsay (with Lithgow, Nelson & Co.); TEALE, Clifford Norman (with Bertram Bramwell & Co.).

**Stockport**—BOURNE, Walter (with J. Murphy & Co.); SMITH, Sydney Mackenzie (with Ford & Rimington).

**Stoke-on-Trent**—JONES, Richard Alan (with Reginald Statham & Co.).

**Sunderland**—PEVERLEY, Brian (with Bolton, Wawn & Co.); WILSON, Geoffrey Michael (with Brown & Piper).

**Surbiton**—WHITE, Michael John (with C. McDonald & Co.).

**Swansea**—GRITTON, Francis Barry (with Thomas, Pickard & Co.); JONES, Stephen Wilfred Hubert, B.Sc.(ECON.) (with Hubert & Winston Jones); MORRIS, Raymond (with Ashmole, Edwards & Goskar); SHAUGHNESSY, Peter Leslie (with Deloitte, Plender, Griffiths & Co.).

**Swindon**—DAVIS, Derek John (with Monahan & Co.).

**Totnes**—CLARK, James Michael Dowsett (with S. J. G. Southon & Co.).

**Walsall**—TAYLOR, David Neville (with A. & E. Law & Co.).

**Waterford**—BRENNAN, John (with W. A. Deevy & Co.); NAUGHTON, Thomas Joseph (with T. R. Chambers, Halley & Co.).

**Wetherby**—DOBSON, Keith (with Frank Myers & Son).

**Winchester**—WHITE, Wendy Joy (with Kendall, Galloway & Smith).

**Worcester**—CRIPPS, Kenneth (with E. H. B. Butler & Co.); MARGETTS, Geoffrey Michael (with E. H. B. Butler & Co.); STOKES, Michael Edwin James (with Rabjohns, Leopard & Co.).

#### PRELIMINARY EXAMINATION

##### Honours Candidate (1)

PATTERSON, Thomas Arthur William, Newcastle, Co. Down, N.I. (*First Place Certificate*).

##### Candidates Passed (29)

BERRINGER, John Francis, Bromley, Kent; BROADBENT, John Edmund, Blackpool, Lancs.; BROADHURST, Ian Kevan Averill, Stoke-on-Trent, Staffs.; CHAPPLE, Alan, Bath, Somerset; COLE, Richard Arthur, London, N.3; DAVIDSON, Kenneth Gordon, Belfast, N.I.; DEARDS, Clyde Derek, Cheam, Surrey; DEVEY, John Michael, Wolverhampton, Staffs.; GORDON, Gerald Major,

Portadown, Co. Armagh, N.I.; GRAHAM, Derek Noel, Belfast, N.I.; GUYON, John Frederick, North Cheam, Surrey; HOOKER, Noel, Liverpool, 21; HYDE, Thomas Alexander, Portadown, Co. Armagh, N.I.; JONES, William John Ronald, Kingswinford, nr. Brierley Hill, Staffs.; KEARNEY, Joseph, Castlewellan, Co. Down, N.I.; LOCKWOOD, David Stuart, Leeds, 11; MORROW, George, Belfast, N.I.; MURRAY, Francis Mervyn James, Belfast, N.I.; MYLES, Dale Lytle Radcliffe, Portadown, Co. Armagh, N.I.; NOBLE, Colin Henry, Sale, Manchester; O'NEILL, William Anthony, Cardiff; PEARSON, Geoffrey Alan, Northampton; PRESTON, George Alexander, Belfast, N.I.; REID, David Lumsden, Charlestow, Fife; REILLY, Derek William George, Lisburn, Co. Antrim, N.I.; SANDERS, Richard John, Tavistock, Devon; STEVENSON, Derek, Manchester, 20; VINTON, James David, London, E.6; WALKER, Colin William, Leeds, 9.

#### MODIFIED PRELIMINARY EXAMINATION

##### Candidates Passed (20)

ACKERY, Graham Bernard, Hayes, Middx.; BAKER, Eric William, South Shields, Co. Durham; BELBIN, Donald Roy James, Bournemouth, Hants.; CHAMBERLAIN, Harold, Sheffield; COLE, Malcolm, Leicester; GIBSON, Andrew James Ramage, Berwick-on-Tweed; GREGORY, Colin Samuel, Hillingdon, Middx.; HOPEWELL, Lionel Charles, East Moseley, Surrey; HOWELL, Derek Charles Patrick, London, W.8; LONG, David William Alfred, Plymouth, Devon; MAJOR, Antony William, Gidea Park, Essex; MONUMENT, Lawrence John, Dagenham, Essex; NICOLAOU, Antonis, London, N.22; PICKARD, William Peter, Leeds, 6; RENWICK, John Stuart, Ashton-under-Lyne, Lancs.; SANDERS, John Reginald, Longtown, nr. Carlisle, Cumberland; SAUNDERS, Kenneth Henry Arthur, London, E.6; SLOMOVIC, Chaskel, London, N.W.6; STEWART, Robert Horne, Airdrie, Lanarks; WHITTAKER, Geoffrey Harvey, Stoneleigh, Surrey.

#### Events of the Month

**February 1.—Ipswich**: “Costing,” by Mr. S. C. F. Pinhorn, B.COM, A.S.A.A. Gem Restaurant, Upper Brook Street, at 7 p.m.

**February 2.—Accrington**: “Executorships: Problems of Capital and Income,” by Mr. J. Linahan, A.S.A.A. Bullough Room, Conservative Club, Cannon Street, at 7.30 p.m.

**Birmingham**: Students’ dance. St. John’s Restaurant, Deritend, at 8 p.m.

**Cardiff**: Brains Trust on matters relating to Accountancy and Taxation. Joint meeting with the Association of Inspectors of Taxes, Cardiff Centre, Park Hotel, at 7 p.m.

**London**: “Day to Day Business Law,” by Mr. O. Griffiths, M.A., LL.B. Students’ meeting. Incorporated Accountants’ Hall, W.C.2, at 6 p.m.

**February 3.—Birmingham**: “Tax Computations,” by Mr. L. A. Hall, A.C.A., A.S.A.A. Law Library, Temple Street, at 6.15 p.m.

**Glasgow**: Annual general meeting of Students’ Society. Scottish College of Commerce, Pitt Street, at 6.15 p.m.

**Gloucester**: “Branch Accounts,” by Mr. R. Glynn Williams, F.C.A., F.T.I.I. The Gloucester Technical College, Brunswick Road, at 6.30 p.m.

**London**: Dinner dance. Hyde Park Hotel.

**Manchester**: “Executorship Accounts,” by Mr. J. Linahan, A.S.A.A. Students’ meeting. Incorporated Accountants’ Hall, 90 Deansgate, at 6 p.m.

**Swansea**: “Estate Duty Valuation and the Family Company,” by Mr. E. L. Fairweather, LL.B. Mackworth Hotel, at 6.45 p.m.

**February 6.—Hull**: Luncheon meeting. New Manchester Hotel, at 12.50 p.m.

**London**: “Financing and Re-Financing a Company,” by Mr. Francis Whitmore. Incorporated Accountants’ Hall, W.C.2, at 6 p.m.

**February 7.—Carlisle**: “General Costing,” by Mr. J. C. Mulford, Chief Accountant, Metal Box Co. Ltd. London County Hotel, at 7 p.m.

**Dublin**: “Bankruptcy and Liquidations,” by Mr. E. D. Reynolds, A.C.A. Students’ meeting. Jury’s Hotel, College Green, at 6.15 p.m.

**Leeds**: “Mechanised Accounting.” Lecture and Demonstration by the National Cash Register Co. Ltd. Great Northern Hotel, at 6.15 p.m.

**Middlesbrough**: “Auditing Technique,” by Mr. W. W. Bigg, F.C.A., F.S.A.A. Café Royal, Linthorpe Road, at 6.30 p.m.

**Sheffield**: “The Working of the Industrial and Commercial Finance Corporation Ltd.” by Mr. G. M. D. Drummond, Northern Area Manager, I.C.F.C. Grand Hotel, at 5.45 p.m.

**February 8.—Belfast**: Debate with Solicitors’ Apprentices’ Debating Society. Presbyterian Hostel, Howard Street, at 7 p.m.

**Bradford**: “Auditing and Verification of Assets,” by Mr. V. S. Hockley, B.COM, C.A. Liberal Club, Bank Street, at 6.15 p.m.

**London**: Taxation Group meeting. Incorporated Accountants’ Hall, W.C.2, at 6 p.m.

**Newcastle upon Tyne**: “Costing Problems,” by Mr. W. W. Bigg, F.C.A., F.S.A.A. Library, 52 Grainger Street, at 6.15 p.m.

**Nottingham**: “Investigations,” by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. The Reform Club, Victoria Street, at 6.30 p.m.

**Shrewsbury**: “Some Practical Taxation Problems,” by Mr. L. A. Hall, A.C.A., A.S.A.A. Raven Hotel, at 6.30 p.m.

**February 9.—Cardiff**: “Tax Planning,” by Mr. D. R. Carston, F.S.A.A. Students’ meeting. Park Hotel, at 3.30 p.m.

**Hull:** "Partnership Accounts," by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. Students' meeting. Church Institute, Albion Street, at 6.15 p.m.

**Portsmouth:** "Executorship Law," by Mr. O. Griffiths, M.A., LL.B. Gas Undertaking Conference Room, Guildhall Square, at 6.15 p.m.

**February 10.—Birmingham:** "Current Economic Issues," by Mr. A. R. Ilersic, M.Sc.(ECON.), B.COM. Law Library, Temple Street, at 6.15 p.m.

**Manchester:** "Economics," by Mr. David Walker, M.A. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Sheffield:** "Executorship—Estate Duty—Distribution of the Estate," by Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A. Students' meeting. Grand Hotel, at 6 p.m.

**Sheffield:** "Executorship—Statutory and Equitable Apportionments," by Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A. Students' meeting. Grand Hotel, at 4 p.m.

**Worcester:** "Problems in Company Accounts," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Crown Hotel, Broad Street, at 6.30 p.m.

**February 13.—Coventry:** "Proceedings at Income Tax Appeals," by Mr. P. H. Luker, H.M. Inspector of Taxes. Rose and Crown Hotel, High Street, at 6.15 p.m.

**Luton:** "The Auditor and Mechanised Accounting," by Mr. A. C. Simmonds, F.S.A.A. Students' meeting. George Hotel, at 6.15 p.m.

**February 14.—Dudley:** "Frauds and Swindles," by an officer of the County Borough of Dudley Police Office. Dudley and Staffordshire Technical College, The Broadway, at 7 p.m.

**February 15.—Birmingham:** Meeting with H.M. Inspectors of Taxes.

**February 16.—Cambridge:** "Group Accounts," by Mr. L. J. Northcott, F.C.A. Shire Hall, at 7 p.m.

**London:** "The Function of the Joint Stock Banks," by Mr. J. H. Griffiths, B.Sc. (ECON.), A.I.B. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**February 17.—Birmingham:** Lecture on taxation, by Mr. Sidney I. Simon, Barrister-at-Law. Joint meeting. The Chamber of Commerce, New Street, at 6.30 p.m.

**Bradford:** "Demonstration of Profits Tax Computation," by Mr. L. A. Hall, A.C.A., A.S.A.A. Liberal Club, Bank Street, at 6.15 p.m.

**Brighton:** "The Estate Duty Account," by Mr. P. E. Harris, A.S.A.A. Clarence Hotel, North Street, at 5 p.m.

**Glasgow:** "Schedule D, Cases I and II," by Mr. J. D. Stewart, O.B.E., A.S.A.A., H.M. Principal Inspector of Taxes. Students' meeting. Scottish College of Commerce, Pitt Street, at 6.15 p.m.

**Leicester:** "Consolidated Accounts," by Mr. K. S. Carmichael, A.C.A. Students' meeting. Victoria Hotel, Granby Street, at 6 p.m.

**Manchester:** "Great Britain's Present Economic Position," by Dr. C. R. Curtis, M.Sc. (COM.), PH.D., F.C.I.S. Joint meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Norwich:** "The Auditor and Mechanised Accounting," by Mr. A. C. Simmonds, F.S.A.A. Royal Hotel, at 7 p.m.

**February 20.—London:** "Current Economics," by Mr. A. R. Ilersic, M.Sc.(ECON.), B.COM. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**February 21.—Brighton:** "Great Britain's Economic Position," by Mr. C. R. Curtis, M.Sc., PH.D., F.C.I.S. Royal Pavilion Hotel, Castle Square, at 7 p.m.

**Dublin:** "Executorship Problems," by Mr. R. I. Morrison, A.C.A. Students' meeting. Jury's Hotel, College Green, at 6.15 p.m.

**Newcastle upon Tyne:** "Executorship Accounts," by Mr. J. Linahan, A.S.A.A. Library, 52 Grainger Street, at 6.15 p.m.

**February 22.—Belfast:** "Mercantile Law," by Mr. J. Stewart Oakes, Barrister at Law. Students' meeting. 13 Donegall Square West, at 7 p.m.

**February 23.—Cardiff:** "Insurance," by Mr. Douglas Richards. Park Hotel, at 5.30 p.m. **London:** "Prospects for 1956," by The Rt. Hon. Reginald Maudling, M.P., Minister of Supply. Luncheon Club meeting. Connaught Rooms, at 12.45 p.m.

**February 24.—Birmingham:** "Share Valuations," by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. Law Library, Temple Street, at 6.15 p.m.

**Bristol:** "Costing: Contract, Process and Standard Costing," by Mr. V. S. Hockley, B.COM., C.A. Royal Hotel, College Green, at 6.30 p.m.

**Hull:** The Hull Professional Students' Societies' sixth annual dance.

**Lincoln:** "The Auditor and Mechanised Accounting," by Mr. A. C. Simmonds, F.S.A.A. The Great Northern Hotel, at 6.30 p.m.

**Manchester:** "Taxation," by Mr. N. D. B. Robinson, M.B.E., F.S.A.A. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Nottingham:** "Capital Allowances," by Mr. J. S. Heaton, F.S.A.A. The Reform Club, Victoria Street, at 6.30 p.m.

**Sheffield:** "Mechanised Accounting Simplified," and a film "Geared to the Years," by The National Cash Register Company Limited. Students' meeting. Grand Hotel.

**February 27.—Coventry:** "Executorship Accounts," by Mr. W. W. Goodson, A.I.B. Rose and Crown Hotel, High Street, at 6.15 p.m.

**London:** "Invoicing and Stores Control," by Mr. L. Winter, M.S.I.E. Lecture and film. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**February 29.—London:** Management Group meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**March 1.—Cambridge:** Joint meeting with the Chartered Institute of Secretaries. Shire Hall, at 7 p.m.

**March 2.—Birmingham:** "Schedule 'E' Assessment and Collection of Taxes," by Mr. E. L. Cowell, H.M. Inspector of Taxes. Law Library, Temple Street, at 6.15 p.m.

**Gloucester:** "The Finance of Company Expansion," by Professor D. Solomons, B.COM., A.C.A. The Gloucester Technical College, Brunswick Road, at 6.30 p.m.

**Leicester:** Quiz. Panel of Inspectors of Taxes and accountants. Balmoral Room, Bell Hotel, at 6 p.m.

**Manchester:** "Taxation," by Mr. N. D. B. Robinson, M.B.E., F.S.A.A. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Manchester:** "Work Study," by Mr. G. M. Storie, B.COM., C.A. Joint meeting arranged by the Chartered Institute of Secretaries, Manchester and District Branch. Chartered Accountants' Hall, 60 Spring Gardens, at 6.15 p.m.

**Swansea:** "Examination Technique," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Central Public Library, at 6.45 p.m.

**March 5.—London:** "Marginal Costing," by Mr. K. W. Bevan, A.C.A. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**March 6.—Bradford:** Demonstration of machine accounting, by the National Cash Register Co. Ltd. Liberal Club, Bank Street, at 6.15 p.m.

**Hull:** Luncheon meeting. New Manchester Hotel, at 12.50 p.m.

**Leeds:** Joint quiz meeting with law students, Institute of Bankers and Chartered Institute of Secretaries. Great Northern Hotel, at 6.45 p.m.

**Newcastle upon Tyne:** "Accounting Provisions of the Companies Act," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Library, 52 Grainger Street, at 6.15 p.m.

**March 7.—Colchester:** "Executorship with the Problems of Capital and Income," by Mr. J. Linahan, A.S.A.A. Joscelin Café, High Street, at 7 p.m.

**Dublin:** "Business Finance," by Mr. M. McCormac, M.A., B.COMM., A.A.C.C.A. Students' meeting. Jury's Hotel, College Green, at 6.15 p.m.

**West Hartlepool:** "Accounting Provisions of the Companies Act," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Grand Hotel, at 6.30 p.m.

## Examinations—May, 1956

THE SOCIETY'S EXAMINATIONS will be held on the following dates:

Preliminary: May 8 and 9, 1956

Intermediate: May 10 and 11, 1956

Final: Part I May 8 and 9, 1956

Final: Part II May 10 and 11, 1956

The centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool,

London, Manchester, Newcastle-upon-Tyne and Southampton.

Completed application forms, together with all the relevant supporting documents and the fee (Final, Part I, £4 4s.; Part II, £4 4s.; Parts I and II together, £7 7s.; Intermediate £4 4s.; Preliminary, £3 3s.) must reach the Secretary at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, not later than March 20, 1956.

Candidates are asked to obtain application forms from the Honorary Secretary of their Branch or District Society.

## Personal Notes

**Mr. S. W. Willson, A.S.A.A.**, has been appointed Visiting Tutor with special reference to first year students in the Department of Accounting, Faculty of Commerce and Social Science, in the University of Birmingham.

**Messrs. W. A. Scott & Co., Chartered Accountants, London, E.C.4,** have taken into partnership Mr. R. F. Cheesman, A.C.A., A.S.A.A.

**Messrs. Rawlinson, Allen & White** have admitted Mr. W. R. Peattie, A.S.A.A., to partnership in their Belfast office.

**Mr. Frederick Richardson, A.S.A.A.**, has been appointed secretary and chief accountant to the Cyprus Inland Telecommunications Authority, Nicosia.

**Mr. F. O. Wilson, F.S.A.A.**, and Mr. Arnold Clarke, F.S.A.A., have amalgamated their practices, and are now in partnership under the style of Wilson, Martin, Clarke & Co., Incorporated Accountants, at Eagle House, 30 Cross Street, Manchester, 2.

**Messrs. E. J. White & Co., West Hartlepool**, announce that Mr. J. W. Walton, A.S.A.A., who has been with the firm for some years, has been admitted into partnership.

**Mr. C. L. Arkell, A.S.A.A.**, has succeeded to the practice of Messrs. Lowe, Bingham & Matthews, 43 Museum Street, London, W.1, and is now conducting it under the style of Arkell & Co., Incorporated Accountants.

**Messrs. Nevill, Hovey, Gardner & Co., Chartered Accountants, London, E.C.2,** have admitted to partnership Mr. D. A. Huggons, A.C.A., A.S.A.A.

**Mr. Sydney Dent, F.S.A.A., Stockport**, has taken into partnership Mr. Leonard Royle, A.S.A.A., and the style of the practice has been changed from Jones & Dent to Dent & Royle, Incorporated Accountants.

**Mr. T. W. Hunt, Incorporated Accountant, Doncaster**, has taken into partnership Mr. P. M. Urwin, Chartered Accountant. The firm name, hitherto Fullwood, Hunt & Co., is now Hunt, Urwin & Co.

**Mr. A. G. Crane, A.S.A.A.**, has left the partnership of Messrs. Nicholls & Jefferson, Gloucester, and is now a partner in Messrs. Tucker, Lord & Co., Incorporated Accountants, Carmarthen and branches.

**Messrs. Middleton & Stewart, Chesterfield**, advise that Mr. D. E. B. Bradbury, A.S.A.A., a senior member of their staff, has been admitted a partner of the firm.

**Messrs. Percy Phillips & Co., London, W.1**, announce that Mr. S. J. Bressloff has been admitted as a partner.

**Messrs. Parnell, Crewdson & Hardy, Chartered Accountants, London**, announce that they had admitted to partnership in their London firm Mr. A. L. Poole, A.C.A., who has been a senior member of the staff for some years.

**Messrs. Everett, Morgan & Grundy, Chartered Accountants, London, E.C.4**, announce that they have taken into partnership Mr. F. B. Massey, A.C.A., who has been associated with them for many years. The name of the firm is unchanged.

## Removals

**Messrs. Kendall and Field** have changed their address to 259 Green Lanes, Palmers Green, London, N.13.

**Mr. Leonard Durham, Incorporated Accountant**, has removed his office to 37 Belmont Rise, Cheam, Surrey.

**Messrs. Jones, Kent and Wheeler, Incorporated Accountants**, advise a change of address to 3 George Street, Llandilo, Carmarthenshire.

**Messrs. Peat, Marwick, Mitchell & Co.** announce that the address of their Birmingham office is now Beaufort House, Newhall Street, Birmingham, 3.

## Obituary

### Frederick William Coope

WE RECORD WITH regret that Mr. Frederick W. Coope, F.S.A.A., A.C.I.S., J.P., senior partner in Messrs. F. W. Coope & Co., Incorporated Accountants, Blackpool, died suddenly from coronary thrombosis on November 28, at the age of 62.

On his admission to membership of the Society of Incorporated Accountants in 1924, Mr. Coope was taken into partnership by his principal, the late Mr. Thomas Greenhalgh, F.S.A.A. After Mr. Greenhalgh's death he continued the practice as sole partner for some ten years, till in 1949 the firm of F. W. Coope & Co. was estab-

lished, with his son, Mr. John T. Coope, F.S.A.A., as one of the partners. He took an active interest in the work of the Incorporated Accountants' District Society of North Lancashire, and served for a considerable time on the Committee, of which his son is now a member.

Mr. F. W. Coope became a magistrate in 1943, and was chairman of the Blackpool Area Appeals Tribunal of the National Assistance Board. He was President for twenty years of the Blackpool Branch of the British Legion, having previously served as honorary treasurer, and was a member of the West Lancashire Area Council of the Legion. During World War II he was a major in the Home Guard. He was a director of Blackpool companies, and held office in a number of organisations covering a wide range of activities in the area.

The funeral service took place at St. John's Church, Blackpool, on December 1.

### Sidney Catterall

WE RECORD WITH regret the death on December 19 of Mr. Sidney Catterall, A.S.A.A., joint managing director of John Barnes & Sons Ltd., and a director of David Whitehead Ltd., Preston.

Mr. Catterall qualified as an Incorporated Accountant in 1914, after serving his articles with the late Mr. J. H. Ward, F.S.A.A. He joined John Barnes & Sons Ltd. in 1926. He was well known in commercial circles in Preston and was a prominent Freemason.

The funeral took place at Carleton Crematorium on December 23.

### Harry Duxbury Myers

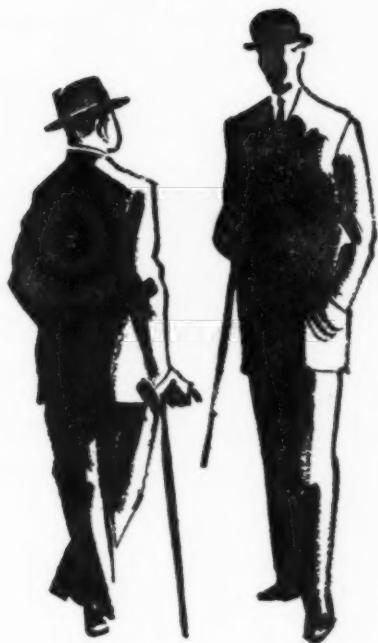
WE HAVE RECEIVED with regret news of the death on December 31 of Mr. H. D. Myers, F.S.A.A., senior partner in Messrs. Wm. Robertshaw & Myers, Incorporated Accountants, Keighley, and a past President of the Incorporated Accountants' Bradford and District Society. He was 76 years of age.

After serving articles with the late Mr. William Robertshaw, F.S.A.A., Mr. Myers became a member of the Society of Incorporated Accountants in 1902, gaining the Silver Medal in respect of the Final Examinations for that year. Three years later he was admitted to partnership.

He was elected President of the Bradford District Society for the year 1932/33, having previously served for a number of years as a Vice-President. He retained his membership of the Committee until the date of his death.

Mr. Myers was actively interested in the work of the Temple Street Methodist Church, and was treasurer and a trustee of the Keighley Temperance Hall Buildings. He was a keen member of Keighley Cricket Club.

The funeral service on January 4 was attended by Mr. Frank Dean, Honorary Secretary of the Incorporated Accountants' Bradford and District Society.



# How does the smaller firm raise new capital?

As long as credit restrictions are in force, this may be difficult. For those firms concerned in work of national importance, the best answer may be ICFC. The Corporation provides long-term loans and share-capital, in amounts between £5,000 and £200,000.

Ask your own accountant, solicitor or bank—or write for our booklet, "Capital for Business and Where to Find it."



## INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

*Head Office:* 7 DRAPERS GARDENS, LONDON, E.C.2. NATIONAL 8621/5

*Branches:* BIRMINGHAM—214 HAGLEY ROAD, EDGBASTON 4181  
MANCHESTER—73 WHITWORTH STREET, CENTRAL 5429

LEICESTER—31 FRIAR LANE, GRANBY 854  
LEEDS—HEADROW HOUSE, LEEDS 2-2727

EDINBURGH—33 CHARLOTTE SQUARE, EDINBURGH 30212

## Classified Advertisements

*Two shillings and sixpence per line (average seven words). Minimum ten shillings. Box numbers one shilling extra. Replies to Box Number advertisements should be addressed Box No. . . . , c/o ACCOUNTANCY, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.*

### APPOINTMENTS VACANT

**THE SOCIETY'S APPOINTMENTS REGISTER**  
Employers who have vacancies for Incorporated Accountants on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Society's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2. Tel. Temple Bar 8822.

### GAMBIA OILSEEDS MARKETING BOARD

Applications are invited for the post of Assistant Accountant to the Gambia Oilseeds Marketing Board.

Applicants must be between 25 and 35 years of age and must have had at least five years' accounting experience in a large commercial undertaking—preferably in the United Kingdom.

The appointment will be for one tour of not less than eighteen months nor more than twenty-four months residential service in the first place, but, subject to satisfactory service, the successful applicant will be offered pensionable appointment on the permanent staff of the Board.

The salary attached to the post will be in the scale £900 x 20—£1,000, and the successful candidate will enter according to experience and ability. In addition, a gratuity of £25 for each three months of residential service in the Gambia will be paid.

Passages, quarters, and leave of absence will be granted in accordance with normal Government practice.

Applications in the candidate's own handwriting, giving full details of age; education; accounting experience etc., should be forwarded to the Managing Director, GAMBIA OILSEEDS MARKETING COMPANY LTD., 5 Buckingham Gate, London, S.W.1.

**A CITY FIRM** of Incorporated Accountants, with varied practice, have vacancy for Semi-Senior Audit Clerk with good accountancy experience. Apply, stating age, experience and salary required, to Box No. 330, c/o ACCOUNTANCY.

**A LEADING** firm of Chartered Accountants have vacancies in their Birmingham office for young newly or partly qualified men. Box No. 314, c/o ACCOUNTANCY.

**A MEDIUM-SIZED** London firm of Chartered Accountants (4 Partners) offer excellent prospects to a qualified man capable of taking considerable responsibility. Commencing salary about £1,000. Please write fully. Candidates from the Provinces invited to attend for personal interview will be allowed travelling expenses. Box No. 331, c/o ACCOUNTANCY.

**ACCOUNTANCY ASSISTANT**, aged 24-30, with professional experience, required for pensionable post with a large brewery company in Sheffield. Please apply, stating age, experience and salary required, to Box No. 321, c/o ACCOUNTANCY.

**ACCOUNTANT/OFFICE MANAGER** for HOME COUNTIES BRANCH of Group of Food Companies. Commercial accountancy experience essential. Age over 28 years. First class prospects. Superannuation. Salary not less than £850 a year. Apply in script giving essential details education, experience, to Managing Director. Box No. 316, c/o ACCOUNTANCY.

**OURS ALONE ?**

**YES, FACE IT:**

**FOR 5 MINUTES !**

We must fight the Fire Fiend ALONE before the Fire Brigade gets here. Please send details of NU-SWIFT rapid and reliable Fire Extinguishers—BEFORE IT IS TOO LATE !

Name.....

Address.....

Post NOW to Nu-Swift Ltd. 25 Piccadilly W.1.

In Every Ship of the Royal Navy



**ACCOUNTANT/OFFICE MANAGER** for SCOTTISH BRANCH of Group of Food Companies. Commercial accountancy experience essential. Age over 28 years. First class prospects. Superannuation. Salary not less than £850 a year. Apply in script giving essential details education, experience, to Managing Director, Box No. 319, c/o ACCOUNTANCY.

**ACCOUNTANTS! AUDIT CLERKS! BOOK-KEEPERS!** If you have the necessary experience we can find a BETTER position for you from dozens now on our books with no obligation to yourself. Phone or write: HOLMES BUREAU, 10 Queen Street, E.C.4. City 1978.

**ACCOUNTS CLERK** for Chief Accountant's Office of Group of Food Companies, London based. Commercial accountancy experience desirable. Age over 22 years. Salary not less than £650 a year. First class prospects, superannuation. Apply in script giving essential details education, experience, to Secretary to Managing Director. Box No. 318, c/o ACCOUNTANCY.

**AN INCORPORATED ACCOUNTANT** (not over 30) interested in the installation of efficient methods is required by a large commercial organisation trading in West Africa. Applicants must have a creative outlook to their work. Opportunities are given for rapid advancement, and the commencing salary will be measured by the ability and experience of the applicant, but will be not less than £1,150 per annum. There is a contributory pension fund, and there are allowances for wife and children, in addition to which the company pays first-class fares to and from Africa for the whole family, and provides free furnished accommodation. Apply giving full particulars to Box No. 306, c/o ACCOUNTANCY.

**ASSISTANT ACCOUNTANT**, age 25-30 years, recently qualified and interested in Management Accounting, required for progressive and pensionable Head Office appointment; 5 day week. Applications in writing, giving details of age, experience, qualifications and salary required, should be addressed to the Personnel Manager, (EW) John Laing and Son Limited, Building and Civil Engineering Contractors, London, N.W.7.

### ASSISTANT TO CHIEF ACCOUNTANT GEORGETOWN, BRITISH GUIANA

A qualified accountant, preferably with several years' experience, is required. Position offers opportunity, good salary, periodic home leave with passages paid. Personal effects transported at company expense. Write giving details to Box T.744, c/o STREETS, 110 Old Broad Street, E.C.2.

**ASSISTANT ACCOUNTANT** required by old established Company. Splendid opportunity and prospects for man with initiative. Five day week, pension scheme. Full details and salary required to Box No. 311, c/o ACCOUNTANCY.

**AUDIT CLERK**, young, with at least two years' experience, required by small progressive Kensington firm of Accountants with varied practice. No Saturdays. Applicants must be prepared to work out of town occasionally. Free Articles to Incorporated Accountant would be considered. Please write stating age, experience and salary required to Box No. 329, c/o ACCOUNTANCY.

**AUDIT CLERKS.** Many vacancies waiting for Senior, Semi-Senior or Junior. Call BOOTH'S AGENCY, 80 Coleman St., Moorgate, E.C.2.

**CHARTERED** Accountants in Northern Rhodesia have vacancies in expanding practice for qualified accountants and for unqualified audit staff with at least 5 years' professional auditing experience. Initial contract for 3 years, permanent progressive positions for the right men. Commencing salary up to £1,500 per annum, passage paid for man and wife. Apply Box No. 308, c/o ACCOUNTANCY.

**CHARTERED OR INCORPORATED ACCOUNTANT.** A large Mining Company, Burma Corporation (1951) Limited, has a vacancy in its Rangoon Office for a Chartered or Incorporated Accountant, preferably single and aged under 35 years, to assist and deputise for the Chief Accountant. Four years' agreement; six months paid leave of which three months normally permitted after two years' service; contributory Provident Fund, free passages, partly furnished quarters or allowance in lieu and medical attention. Salary and allowances up to an aggregate of K.1,950 per month (£146), subject to qualifications and experience. Write stating full personal particulars, experience and qualifications to Box K.950, WILLINGS, 362 Grays Inn Road, London, W.C.1.

**CITY BANK** invites applications from qualified accountants (men about to sit for the finals would be considered) who are desirous of a career offering good prospects in bank accounting and internal audit. Some knowledge of French would be an advantage. Liberal salary depending on age and experience. Apply with details of education, qualifications and appointments held to Box No. 320, c/o ACCOUNTANCY.

**HAMPSHIRE CHARTERED ACCOUNTANTS** require Senior Audit Clerk for main office. Position of responsibility with good prospects for advancement. Qualifications an advantage. Pension scheme. Write stating age, experience, salary, etc., to Box No. 326, c/o ACCOUNTANCY.

**INTERNAL AUDITOR** for Group of Food Companies, London based and covering whole of British Isles. Commercial accountancy experience essential. Age over 28 years. First class prospects. Superannuation. Salary not less than £850 a year. Apply in script giving essential details education, experience, to Managing Director. Box No. 317, c/o ACCOUNTANCY.

**LONDON** Chartered Accountants require qualified Accountant, age about 40. Salary from £850 per annum according to experience. Five day week. Pension Scheme available. Full details to Box No. 336, c/o ACCOUNTANCY.

**MULLARD LIMITED** invite applications for the post of Financial Accountant from Chartered or Incorporated Accountants up to the age of 33 who will become directly responsible to the Chief Accountant for the financial and statistical records of the Company. A knowledge of standard costing, budgetary control and mechanised accounts will be an advantage. A contributory pension and life assurance scheme is in operation and the initial salary will be according to age and experience. Applications will be treated in strict confidence and should be sent with full particulars of education, training, qualifications and appointments held to Personnel Officer, Mullard Ltd., Century House, Shaftesbury Ave., London, W.C.2, quoting reference no. 795.

**NEWLY QUALIFIED** Chartered or Incorporated Accountant required for service in Nigeria with a firm of bookellers and stationers having branches throughout the country, either for a single temporary tour of 12 months or for a full 20 month probationary tour with a view to permanency. Applicant should have some definite church affiliation. Salary in range £750-£1,000, plus Expatriation Allowance of £100 p.a. Contributory Pension Scheme. Free passage and housing. Outfit allowance. Apply giving details of age and experience to the Secretary, CHURCH MISSIONARY SOCIETY (NIGERIA) BOOKSHOPS, 6 Salisbury Square, London, E.C.4.

### E. IRVINE HALLAS, A.C.A. 7-9 QUEENSGATE, BRADFORD

#### INSTITUTE AND SOCIETY EXAMS.

Expert postal and oral tuition, based on 30 years' experience in preparing candidates for these Exams. Painstaking criticism and marking of work and prompt return of all papers is guaranteed. Moderate Fees. Tuition adapted to meet precise personal needs of each candidate. Copies of over 800 signed letters received from past students will be sent on request.





# The Institute of Taxation

*President:* JAMES WOOD, A.C.A.

*Vice-Presidents:* STANLEY A. SPOFFORTH, F.C.A., F.S.A.A., F.C.I.S.  
FREDERICK BIDSTON, F.A.C.C.A., F.C.I.S.

*Secretary:* G. B. BURR, F.C.I.S.

Membership of the Institute is open only to applicants who have passed either the examinations conducted by the Institute of Taxation or the final examination of certain professional bodies.

Fellows and Associates receive: A text-book, annotated copies of Finance Acts, half-yearly Digests of Tax Cases and monthly circulars on special taxation subjects.

Students and others may subscribe to a scheme under which they receive all the publications, except that the circulars are not issued monthly, but as and when important new taxation subjects arise.

Examinations for Fellowship and Associateship are held half-yearly. Copies of past Associateship Examination papers, with suggested answers, are available at 3s. gd. each, post free.

Further particulars may be obtained from:

## THE SECRETARY

## THE INSTITUTE OF TAXATION, CLIFFORD'S INN, LONDON, E.C.4

**LARGE** City Firm of Chartered Accountants have vacancies for qualified accountants. Good experience and salary. Five-day week. Pension fund. Box No. 304, c/o ACCOUNTANCY.

**OLD ESTABLISHED** Chartered Accountants require assistant to manager of small branch in Sussex town, within easy reach of coast. Applicant need not necessarily be qualified. Some experience of taxation essential, but a high standard of knowledge not expected. Pension scheme. Please state age, experience, present salary and brief details of career to Box No. 327, c/o ACCOUNTANCY.

**OVERSEAS VACANCIES.** Audit Assistants, qualified or experienced, required by East African firm of Chartered Accountants with branches, for their Nairobi and Dar Es Salaam offices. Four years' renewable contract (three for Dar Es Salaam) with local leave conditions and four months' paid leave on completion of contract. If preferred, shorter contracts with reduced leave. Return air passages for self and wife. New flat accommodation available in Nairobi at economical rent. Generous contributory pension scheme with life insurance. Benefits available after suitable probationary period. Commencing salary £1,140—£1,320 per annum according to experience with prospects of increments and promotion to higher scale depending on service. Interviews London. Write airmail to GILL & JOHNSON, Box 92, Nairobi, Kenya Colony.

**QUALIFIED ACCOUNTANT,** under 30, required for Indonesia by British Merchant Company. Remuneration initially in line with ability and experience afterwards with merit. Outfit allowance. Liberal paid home leave. Pension scheme and Provident Fund. Box No. 324, c/o ACCOUNTANCY.

**SENIOR Audit Clerk** required by London firm of Chartered Accountants. Excellent prospects. Commencing salary according to age, experience and qualifications. Pension scheme. Luncheon vouchers. Write fully to Box No. 333, c/o ACCOUNTANCY.

**SOUTHERN RHODESIA:** Chartered Accountants practising in Salisbury and Bulawayo have vacancies for young qualified assistants. The initial contract is for 3 years but there are permanent progressive positions for suitable men and preference will be given to those wishing to settle in Rhodesia. Starting salary £1,000 to £1,200 per annum with passage paid. Apply Box No. 307, c/o ACCOUNTANCY.

**THE INTERNAL AUDIT** Department of a substantial commercial organisation wishes to engage two recently qualified accountants for service overseas. A constructive outlook will be essential to success as the approach to the work will be as an aid to management which should lead to promotion within the group.

The commencing salary will be £1,150 per annum with furnished accommodation provided and allowances for wife and children. Service will be in West Africa and first class passages to and from will include the family. Apply to Box No. 323, c/o ACCOUNTANCY.

**VACANCIES** available for qualified Accountants in South America, West Indies, Rhodesia, Kenya, Far East and the Continent. Call BOOTH'S AGENCY, 80 Coleman St., Moorgate, E.C.2.

## APPOINTMENTS REQUIRED

A VACANCY may soon occur on your staff. Let us help to fill it as soon as possible. Phone or write: HOLMES BUREAU, 10 Queen Street, E.C.4. City 1978.

### AFRICAN TRAINEES FOR SOCIETY INTER-

EDIATE AND FINAL EXAMINATIONS

It is desired to place three students, at present preparing with practitioners in Nigeria for Society Examinations, with a firm preferably in London or South-East, for further practical training prior to taking intermediate examination in November, 1956. Expected arrival in U.K. about end April, 1956. Will practitioners who may be interested please write to Box No. 332, DORLAND ADVERTISING LTD., 18-20 Regent Street, London, S.W.1.

**CERTIFIED ACCOUNTANT** (28) with good professional and commercial experience, 5 years assistant accountant overseas section international group, seeks responsible position smaller company, London or South. Main experience and interest Management Accounting, present salary £900 p.a. Box No. 325, c/o ACCOUNTANCY.

## ARTICLED CLERKS

**REVISION TESTS** by PERT for the Society's exams. Model Answers spotlight your errors; Tutorial criticism fully explains them. PRE-EXAMINATION REVISION TESTS LTD., 5 Beulah Road, Tunbridge Wells.

## PRACTICES AND PARTNERSHIPS

**INCORPORATED ACCOUNTANT** (45), 13 years in the profession prior to 15 years in Industry, with excellent experience and references, seeks partnership or position leading thereto. Outright purchase of practice or blocks of audits considered. Box No. 322, c/o ACCOUNTANCY.

**ELDERLY F.S.A.A.** in practice West of England desires to meet young A.S.A.A., with view to partnership and ultimate succession. Nominal capital now, balance by arrangement. Box No. 334, c/o ACCOUNTANCY.

## MISCELLANEOUS

**NAME PLATES FOR ACCOUNTANTS**, in bronze, brass and plastics.—Send wording and size for free estimate and layout to ABBEY CRAFTSMEN LTD., 78 Osnaburgh Street, London, N.W.1. Tel. EUSton 5722.

**NAME PLATES FOR ACCOUNTANTS** (in Oxidised bronze or brass) promptly engraved. Send words for full-size layout. Illustrated leaflet sent post free.—MAILE & SON LTD., 367 Euston Road, N.W.1.

**OLD ESTABLISHED** Building Society with high reserves and liquid funds requires additional investments to keep pace with its growing mortgage department. Applications for a limited number of investment agency appointments are invited from professional accountants. Write for particulars to Box No. 315, c/o ACCOUNTANCY.

**OLD ESTABLISHED** mutual life assurance house wants a few men of initiative and integrity to act as agents. Accountants and book-keepers have the necessary knowledge and contacts to make business most profitable to us and them.—Further details from Box No. 328, c/o ACCOUNTANCY.

**WAKEFIELD COLLEGE OF INCOME TAXATION LIMITED** offers SPECIALISED postal tuition for those who wish to SPECIALISE in Income Taxation. Course for the Associateship Examination of the Institute of Taxation. Also non-examination courses. Prospectus free from the Principal, Dept. A6, 29 Barstow Square, Wakefield.

**OUTSTANDING VALUE  
IN  
LIFE ASSURANCE**



ESTABLISHED 1844  
**EQUITY & LAW**  
LIFE ASSURANCE SOCIETY  
20, LINCOLN'S INN FIELDS, LONDON, W.C.2